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FINANCIAL TIMES

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'Only the Paranoid Survive'
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China turns on the charm
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World Business Newspaper http://www.FT.com THURSDAY SEPTEMBER 12 1996

Brussels sets standards for phone services

A basic telephone service should be available to every European Union citizen at "affordable prices" after the EU's telecommunications market is fully opened to competition in 1998, the European Commission said. Operators that do not provide the service to all consumers will have to subsidise those that do. Page 14

US moves aircraft nearer Iraq: The US moved additional fighter aircraft closer to the Gulf in apparent preparation for another strike against Iraq, after Baghdad fired missiles and artillery against US and allied aircraft over Iraq. Page 7

Volcker opens search for Jewish gold

Paul Volcker (left) former chairman of the US Federal Reserve, will meet auditing firms in Zurich today to begin the process of choosing which will investigate how much money looted by the Nazis during the second world war, and due to Jewish victims of the Holocaust, is still hidden in Swiss banks. The British Foreign Office has claimed that nearly 90 per cent of of the hoard – now worth about $4bn – could still be held in Switzerland. Page 2

Row over German TV channel: A row is about to break out over the future of German pay television channel Premiere after reports that Munich-based Kirch Group which owns 37.5 per cent of the channel, may cut off its supply of programmes. Page 15

Sweden sells back Nordbanken shares: Sweden's Social Democratic government agreed to sell a SKr5bn ($744m) tranche of its majority shareholding in Nordbanken back to the bank. Page 14; World stocks, Page 34

Reuters to repay shareholders £613m: Media and information group Reuters said it would return £613m ($956m) to shareholders through the innovative creation of a special dividend share. Page 15; Lex, Page 14

Call for Italy to prepare for Emu: Italian industrialists called on the centre-left government to bring the budget in line with Maastricht criteria on economic and monetary union. Page 3; Samuel Brittan, Page 12

French insurers may spread funds: French insurance companies, which hold most of their investments in francs to avoid currency fluctuations, are likely to invest in other European countries after monetary union, Antoine Jeancourt-Galignani, chairman of insurer AGF, said. Page 3.

Kohl appeals for unity over reforms: German chancellor Helmut Kohl appealed to the opposition in parliament and the federal states to work with the government to halve unemployment and reform Germany's complex income tax system. Page 4

Moves for tariff cuts face opposition: European chemical industry representatives said they were opposed to any tariff-cutting initiative at the World Trade Organisation's first ministerial meeting in December. Page 5

Most Names accept Lloyd's deal: Fewer than 2,000 of Lloyd's of London's 34,000 Names worldwide had failed to accept the insurance market's £3.2bn ($5bn) settlement offer by yesterday's deadline. Page 8

US wage pressures widen: Upward pressure on wages is becoming more widespread in the US, but there is no clear evidence of a strengthening in price inflation, the Federal Reserve said in its latest round-up of regional economic conditions. Page 14; Bonds, Page 22; World stocks, Page 34

Cummins to invest $70m in UK: Cummins Engine of the US is investing $70m in its plant in central England to make it its main centre for building large engines for power generation. Page 8

China seeks to charm Hong Kong: China has begun to send conciliatory signals across the border to Hong Kong. The "charm offensive" has fuelled hopes of a smooth handover on July 1 next year. Page 6

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

STOCK MARKET INDICES

New York: lunchtime		
Dow Jones Ind Av	5,758.62	(+26.85)
NASDAQ Composite	1,153.85	(+4.43)
Europe and Far East		
CAC40	2,028.09	(-4.06)
DAX	2,398.83	(-4.15)
FT-SE 100	3,906.5	(-10.5)
Nikkei	20,571.04	(+11.45)

US LUNCHTIME RATES

Federal Funds	5¼%
3-mth Treas Bills: Yld	5.301%
Long Bond	95¾
Yield	7.108%

OTHER RATES

UK: 3-mo Interbank	5¾%	(same)
UK: 10 yr Gilt	97¾	(same)
France: 10 yr OAT	108.46	(108.19)
Germany: 10 yr Bund	98.55	(98.37)
Japan: 10 yr JGB	100.5422	(100.483)

NORTH SEA OIL (Argus)

Brent Dated	$22.25	(22.66)

GOLD

New York Comex		
(Dec)	$386.6	(386.8)
London:		
close	$383.65	(383.45)

DOLLAR

New York: lunchtime		
£	1.5570	
DM	1.50755	
FFr	5.1495	
SFr	1.2315	
Y	110.17	
London:		
£	1.5547	(1.5567)
DM	1.5098	(1.5080)
FFr	5.1530	(5.1445)
SFr	1.2335	(1.2332)
Y	110.25	(109.895)
Tokyo close:	Y 109.91	

STERLING

DM	2.3473	(2.3474)

Albania	LEK 275	Gibraltar	£0.75	Lithuania	Lita 18.00	Qatar	QR13.00
Austria	Sch27	Greece	Dr400	Lux	LFr75	S.Arabia	SR13
Bahrain	Din1.300	Hong Kong	HK$20	Malta	Lm0.70	Singapore	S$4.30
Belgium	BFr75	Hungary	Ft270	Morocco	MDH19	Slovak Rp	Sk75
Cyprus	C£1.20	Iceland	IKr280	Neth	Fl 4.75	S. Africa	R12.00
Czech Rp	Kc70	India	Rs75	Nigeria	Naira120	Spain	Pta250
Denmark	DKr20	Israel	Shk9.00	Norway	NKr22.00	Sweden	SKr20
Egypt	E£5.00	Italy	L3200	Oman	OR1.75	Switz	SFr3.70
Estonia	EKr 28	Japan	Y500	Pakistan	Rs60	Syria	S£60.00
Finland	FM18.00	Jordan	JD1.75	Poland	Zl 6.00	Tunisia	Din2.000
France	FFr12.00	Kuwait	Fils750	Portugal (mainl)	Esc350	Turkey	L120,000
Germany	DM4.00	Lebanon	US$3.00			UAE	Dh13.00

Sherritt snubs US and sends its men to Havana

By Pascal Fletcher in Havana

A Canadian mining group whose executives have recently been barred from the US for doing business in Cuba has thumbed its nose at Washington.

It plans to hold a board meeting in the Cuban capital, Havana, tomorrow.

It will be the first time that the Sherritt International board has met in Cuba – previous meetings have been in Toronto and London – and is a clear sign the group intends to maintain its investments in the communist-ruled island.

Ms Patrice Merrin Best, a vice-president of Sherritt, Cuba's leading foreign investor, said the board meeting was routine and all directors would be present. They include Mr Rupert Pennant-Rea, ex-deputy governor of the Bank of England, and Sir Patrick Sheehy, former head of BAT Industries of the UK.

Sherritt has more than $200m invested in Cuba in mining, oil exploration, agriculture and tourism. It became a target of US sanctions under the Helms-Burton Act because its nickel interests are allegedly using facilities on an island that was owned by Freeport-MacMoRan, the New Orleans-based mining group, before the 1959 revolution.

The act specifically targets foreign companies judged to be "trafficking" in or profiting from property confiscated after the Cuban revolution in 1959.

Ms Merrin Best said she was aware that holding the board meeting in Havana could be interpreted by US authorities as a provocative move. Supporters of the Helms-Burton law would see the decision as further evidence that Sherritt was "in consort with" President Fidel Castro's government.

"We would like to think it's not exceptional," she said, adding it was a sign that Cuba was opening up to the west and a way of ensuring the process continued.

Seven Sherritt directors, including chairman Mr Ian Delaney, Mr Pennant-Rea and Sir Patrick were informed by Washington in July that they would be denied entry to the US under the Helms-Burton law.

The move provoked a storm of protest in Canada and the European Union which oppose the act as an attempt to impose US laws on third countries. Britain's Foreign Office said the ban on Mr Pennant-Rea and Sir Patrick was "wrong-headed" and made "no sense".

Sherritt has said it plans to consider expanding into other sectors on the island, such as transport, property, sugar, communications and finance.

The meeting is certain to increase Sherritt's popularity with the Cuban government.

US to press ahead with probe into dumping

By Nancy Dunne and Afshin Molavi

The US government yesterday vowed to press ahead with a politically charged anti-dumping probe into the leasing of a $35.15m Japanese supercomputer system.

The supercomputer system is being leased by NEC of Japan to the University Centre of Atmospheric Research in Colorado.

The International Trade Commission decision is a preliminary victory for Cray Research of the US which competed with NEC for the deal and had all but lost the contract when it filed dumping charges in July.

The case has drawn attention because of the political activity and sensitivity in some US business circles over purchases of Japanese leading edge technology products. Ironically, it also recalls the hard and ultimately successful battles fought in the late 1980s by the office of the US trade representative, formerly headed by Mr Mickey Kantor, to get Japanese government agencies to buy US-made supercomputers. Mr Kantor is now commerce secretary.

Last March, the research centre was poised to award the contract for the four supercomputers to NEC when the US Commerce Department began to lobby against the deal, contending that the computers were being dumped, or sold at unfairly low prices. According to Cray's calculations, the supercomputer system would cost NEC $80m to set up, but it would only receive $15m in payment.

The National Science Foundation, which helps pay for the computers, has now suspended the decision over the contract until the dumping charges can be pursued. Ultimately the ITC must find that Cray has been injured by dumping or the case will end. But its decision will take months – perhaps a year.

The ITC rarely turns down complaints at the preliminary stages of an investigation, but NEC had hoped it could halt the dumping case by proving Cray had lost the contract because its supercomputers could not meet the testing requirements.

NEC contends it won the UCAR bid because Cray's supercomputer system failed to meet the technical requirements of the UCAR test. "This is an abuse of the antidumping laws for the purpose of a federal funded procurement," said Mr Terence Fortune, an NEC lawyer.

Cray said the allegations were "untrue" and that it had filled all testing requirements, producing a letter from UCAR expressing satisfaction with testing. UCAR was not available for comment.

If the NEC deal goes ahead, it would be the first sale of a foreign supercomputer to a US government agency.

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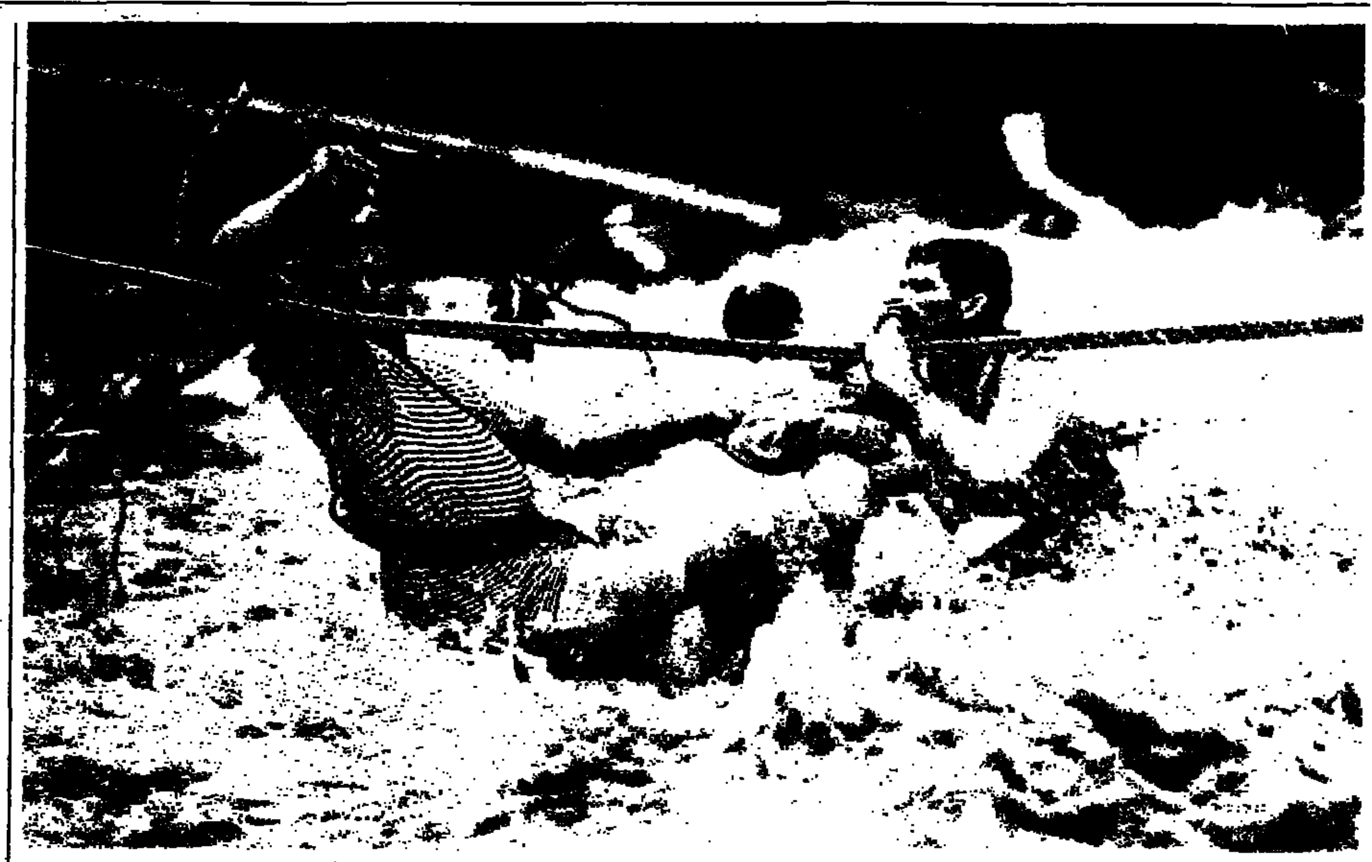

Hurricane Hortense hits Caribbean

Rescuers fight floods as Hurricane Hortense sweeps through the Caribbean islands of Puerto Rico and Hispaniola yesterday. Eight people were killed and thousands made homeless as the hurricane tore across the islands, knocking down trees and power lines and flooding towns and roads.

Puerto Rico took the hardest hit before the storm turned north-west towards the Bahamas. Picture: AP

Deutsche set for third bailout of Morgan funds

By Nicholas Denton in London and Hugh Carnegy in Stockholm

Deutsche Bank braced itself for the third bailout of Morgan Grenfell Asset Management after stepping in yesterday to staunch the flow of cash from the troubled investment funds at the heart of the affair.

The intervention – to "smooth the running" of the three funds – adds to the cost and embarrassment of the rescue mounted since the discovery a fortnight ago of breaches in investment rules and the suspension of a Morgan Grenfell fund manager.

The bank, Germany's largest and most powerful, has promised to buy units of European Growth Trust and the two other scandal-hit funds from investors who wish to cash in their holdings in the next three months.

Deutsche, parent of Morgan Grenfell, has been forced to take action because redemptions by investors have nearly exhausted the £300m ($468m) cushion of cash which the group had hoped would last through the crisis. By last night, the three funds were down to their last £30m of cash and faced a further burst of redemptions from holders of personal equity plans invested in the funds, who must contractually give 14-days' notice of withdrawal.

The potential cost to

Continued on Page 14

Failing copper mine gave rise to Chilean empire

By Kenneth Gooding, in London

When a Japanese company offered Mr Andronico Luksic "half a million" in 1951 for his loss-making copper mine near Antofagasta in Chile, he thought it meant Chilean pesos. When the contract arrived, it was for 500,000 US dollars.

Mr Luksic, the son of a Yugoslav immigrant, went on to build one of the biggest business empires in Latin America. It includes Chile's largest brewing company and biggest private-sector bank.

Yesterday it was revealed that Mr Luksic will merge most of his family's operations into one holding company to be launched on Wall Street before the end of the year. Analysts say the company, Forestal Quiñenco, will have a value of nearly $2bn.

Mr Luksic's three sons are closely involved in the operations and between them the family will control, directly and indirectly, about 80 per cent of Quiñenco.

The initial public offering in the US will be used to raise new money for the group – the Luksics will not be disposing of any shares.

The consolidation will also involve Antofagasta Holdings, the London-listed company Mr Luksic bought in 1980, certain he could do a better job running the company's railway running from Chile's northern coast to Bolivia. Today, the Luksic family owns nearly 70 per cent of the UK company.

Antofagasta will merge two subsidiaries – which own investments in Madeco, a copper cable company; VTR, a media and telecommunications group; and several Latin American banks – with Quiñenco in exchange for a 39.25 per cent share in the enlarged group.

Quiñenco owns the Luksic interests in the CCU brewing and soft-drinks group. CCU bottles Pepsi Cola in Chile and recently gained the franchise to brew and bottle Budweiser beer. It also has stakes in Madeco, VTR and the banks.

Mr Philip Adeane, Antofagasta's managing director, said the deal, which is subject to the approval of independent shareholders, was an opportunity for the value of Antofagasta's interests in associated companies to be fully recognised. It would also have exposure to a wider range of industries in Latin America.

Quiñenco's pre-tax profit last year was £116m ($180m). Its assets at December 31 were worth £347m. The assets of Antofagasta's subsidiaries, Andes Trust and Anaconda Chile, at that date were worth £84.9m.

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Bad service led to empire, Page 37

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EUROPEAN NEWS DIGEST

Bonn and EU resort to court

The German government and the European Commission have decided to start legal proceedings against each other in the European Court of Justice to resolve the dispute over aid granted by the state of Saxony to Volkswagen, the carmaker.

The economics ministry in Bonn said Germany would launch an appeal to reverse the Commission's decision blocking DM241m ($163m) of subsidies for two VW plants in Saxony and to establish the legality of the aid under the European Union treaty.

The Commission said it was also initiating proceedings against Bonn following Saxony's disbursement of nearly DM92m in subsidies in defiance of the ban. It said it was taking action because legally it could not file a suit against Saxony. Yesterday's moves came days after the two agreed to neutralise the disputed payment. But Bonn denied it was an escalation of the conflict, saying it had to act before a legal deadline expired on September 16. Mr Günter Rexrodt, economics minister, said he hoped for an out of court settlement. *Peter Norman, Bonn*

EU card spending may triple

Plastic card spending could triple in Europe over the next three to five years, the Visa international payments organisation predicts. Mr Hans van der Velde, president of Visa's European region, said the card market had been used to annual growth rates of 15 to 20 per cent, but this was set to accelerate.

Visa itself expects to have more than 100m cards in issue in the EU within the next six months. Annual spending on Visa cards in Europe, now $268bn, is projected to climb to $340bn in the same span. Although plastic cards account for more than a quarter of non-cash payments in the UK and around 17 per cent in France, they are still barely used in Germany and Italy. With the development of electronic chip cards, the card is expected increasingly to replace cheques and giros and also cash payments. *George Graham, Banking Correspondent*

Strike hits Air France Europe

A pilots' strike forced Air France Europe, part of the state-owned Air France group, to cancel about 40 per cent of its flights yesterday, the airline said.

Pilots stopped work after one of them was disciplined for refusing to take off on Wednesday in a protest over security. The airline said the strike began on Wednesday when four pilots' unions walked off the job without prior notice.

The airline, formerly known as Air Inter, primarily serves France but has a fledgling network of flights across Europe, which were also grounded by the strike. The airline said a state official had concluded such checks were unjustified, and the pilot had been punished after refusing to take off a total of 35 times this year. It said it was taking the pilots' unions to court for compensation as they had broken the legal requirement for five-day notice. *Reuter, Paris*

Emu 'boosts insolvencies'

Europe's efforts to achieve a common currency by 1999 are boosting corporate insolvencies as governments brake spending, Dun & Bradstreet Schimmelpfeng business information agency said yesterday.

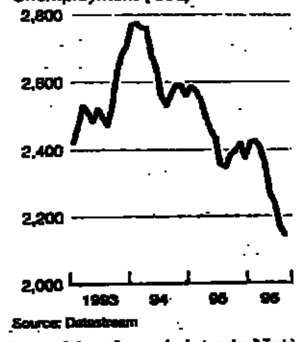
Bankruptcies in the 15 member states of the European Union should rise 5 per cent to 200,000 this year, the report said. Germany, Europe's largest economy, will be one of the hardest hit: insolvencies are expected to rise 17 per cent to 26,100 in 1996. In France bankruptcies should rise 3.8 per cent to 58,100. Britain will see about 40,900 bankruptcies, up 1 per cent. *Reuter, Frankfurt*

Italy approves phone bill

The Italian cabinet yesterday approved a bill setting out tender details for Italy's third mobile phone operating licence. It will now have to be ratified by parliament. The government wants to launch the tender this autumn, with the licence expected to be awarded by the end of 1996 or early 1997. *Reuter, Rome*

ECONOMIC WATCH

Spanish jobless down 1.2%



Source: Datastream

The number of jobless registered at Spain's employment offices fell in August by 27,006, 1.2 per cent month-on-month, to 2,143,783, a total representing 13.5 per cent of the working population, the lowest percentage of registered unemployed since 1982. The Labour ministry said that between March and August the total number of job seekers registered at the employment offices had fallen by 283,232.

The monthly figures, issued by the ministry's National Employment Institute, contrast with the quarterly survey of the working population conducted by the Economy and Finance ministry's national statistics office. At the six-month stage this year, 3.5m Spaniards, 22.2 per cent of the working age population (16 to 65 years old) were seeking a job, according to the survey, 0.5 per cent fewer than at the end of the first half in 1995. *Tom Burns, Madrid*

■ Spanish industrial output fell 5.7 per cent in June from a year earlier, compared to a 3.2 per cent fall in May, the National Statistics Institute said. It fell an average 2.7 per cent year-on-year in the six months to June. *AFX, Madrid*

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EUROPEAN CAR INDUSTRY

Incentives are a hard habit to kick

By Haig Simonian, Motor Industry Correspondent

NEW CARS FOR OLD

European car sales have grown more strongly than expected this year, encouraging the continent's largest manufacturing industry and governments which see the motor sector as a bellwether of economic well-being.

However, Europe's car industry is still in the doldrums because of chronic overcapacity and rising competition from lower-cost rivals, principally Asian. Although total registrations should rise by about 4 per cent to 12.5m units this year, that is well below the record 13.53m units sold in 1991. Few forecasters expect the industry to come within sight of the peak again before the turn of the century.

The mixed demand outlook has prompted fierce lobbying by carmakers for government support to stimulate sales. In France, Spain, Denmark and Ireland, experiments have been made in the past two years with special programmes to boost demand.

Typically, the schemes offer motorists substantial rebates on new vehicles if they trade in a model over a certain age. The old car is then scrapped. To sweeten the deal, government handouts have usually been matched by manufacturers, meaning rebates can reach up to 25 per cent of the price of a small car.

Marcroeconomic pump-priming has been combined with environmentalism, with supporters of the schemes arguing they stimulate the economy and cut pollution by removing the oldest, dirtiest, and least fuel-efficient cars.

The incentives have undergone close scrutiny. Carmakers in the UK and Italy, which, with France and Spain make up four of Europe's five biggest markets, have used their neighbours' programmes to try to persuade their governments to follow suit.

The evidence suggests, however, that incentives are a mixed blessing. Although they boost demand, they pull previously planned sales forward.

The French experience also shows the incentive habit can become hard to kick: French carmakers are dreading the scheme's expiry on September 30.

"Once buyers grow used to rebates, they expect them as a matter of course," says Mr John Lawson, motor industry analyst at Salomon Brothers in London. Manufacturers suffer as price discipline collapses: French buyers now commonly demand the manufacturers' rebates – irrespective of the age of their trade-in. Meanwhile, retailers' desire to clinch that extra sale means rules may be bent, with dealers exaggerating the age of traded-in vehicles.

Even the macroeconomic benefits may be dubious. The motor industry is a big source of employment through manufacturing or, to a lesser extent, distribution and after-sales activities. So incentive schemes have been particularly appealing to countries, such as France and Spain, with large car industries.

"We didn't ask for these measures because we needed it as an industry. The problem is not of the the car industry, but of the French economy," says Mr Yann Delabrière, chief financial officer of Peugeot-Citroën.

However, France's experience suggests the benefits may be short-lived. The programmes have helped foreign brands as much as domestic ones.

Although Peugeot-Citroën and Renault, France's two carmakers, captured the lion's share of incentive-related sales the first time, they have lost share to foreign brands in the second scheme, as foreign brands have offered more up-to-date models in the compact car class, which has been most stimulated by the schemes, than the French.

Even the environmental benefits may have been overstated. While the schemes have eliminated thousands of older vehicles, some observers argue the money could have been better spent on measures such as tightening inspection standards and encouraging garages to test emissions more accurately.

Vehement environmentalists argue the schemes are counter-productive because they encourage people to buy cars. Even the pollution benefits may be marginal: Denmark's Transport Commission reckons the country's scheme cut energy consumption of passenger cars by just 1 per cent.

"Incentives have been exceedingly distorting," says Mr Philip Ayton, motor industry analyst at BZW in London. "They have clearly stimulated some extra volume. But their main effect has been to bring volumes forward and slew markets towards smaller cars."

"At first, it was all very positive," says Salomon Brothers' Mr Lawson. "But maybe the experiment has not proved quite so happy in retrospect."

Summer sales of new European cars surge

By Haig Simonian

Sales of new cars in western Europe grew more than expected in July and August, with a 16.2 per cent surge in July year on year, followed by a 5.2 per cent increase in August.

Total west European registrations rose to 9,083,400 units in the first eight months of 1996, 6.2 per cent above the same period last year.

The figures will encourage forecasts of increased sales for the year, after earlier expectations that registrations would only climb by between 2-3 per cent.

The July and August figures, released together for the first time by the European Automobile Manufacturers' Association because of torpid data collection in some European countries during the summer, suggest the market is being driven more by special incentives than strong economic fundamentals.

"The economic side provides no underlying direction to the market. On fundamentals alone, you would expect sales to be down, not up," said Mr John Lawson of Salomon Brothers in London.

Mr Chris Will, motor industry analyst at Lehman Brothers in London, underlined the difference between the quality and the quantity of sales, when registrations are largely discount and incentive-driven "I've never known the stocks of volume carmakers like Fiat, Renault and Peugeot-Citroën to be so weak when the market is growing so rapidly".

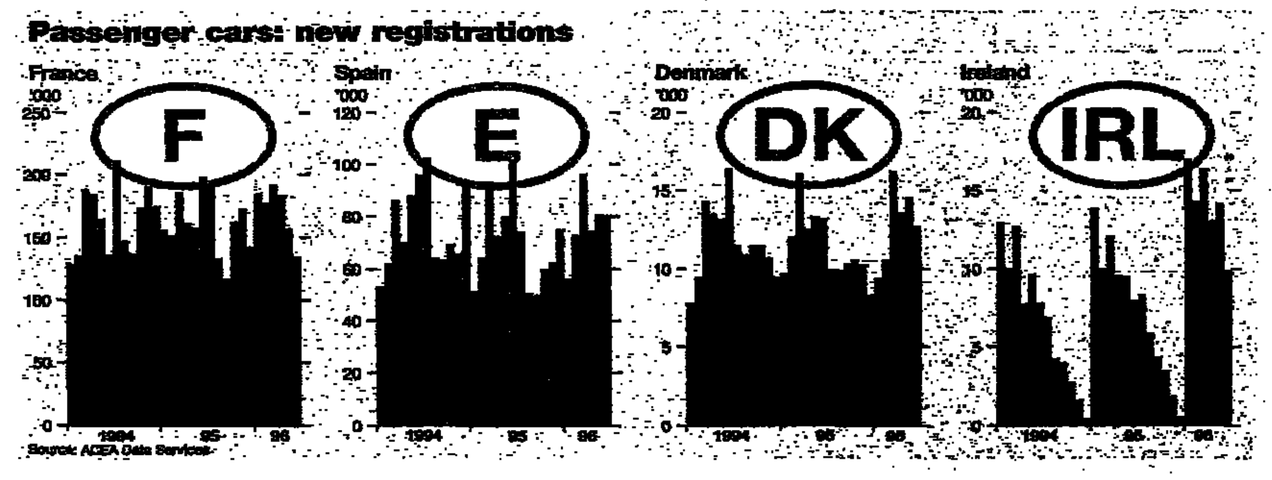
Germany has proved the motor for growth, with rises of 13.6 per cent in July and 5.2 per cent in August year on year. That took the increase in registrations to 7.4 per cent for the first eight months.

However, German demand has been driven by manufacturers' incentive schemes. It may also have been boosted by the swingeing road tax increases from January 1997 for older cars without catalytic converters. The new measures will increase the amount payable on a 1,600cc vehicle by DM460 ($310) to DM670.

Demand in France, Europe's third biggest car market, has also been incentive driven. Registrations leapt by 21.6 per cent in July and 28.6 per cent in August. The August surge, which partly reflected depressed sales in August 1995, was also influenced by the imminent expiry of the scheme.

Big markets without such special features performed much less strongly. Italian sales rose by just 0.8 per cent in July and dropped 7.5 per cent in August, leaving sales in the first eight months marginally below the previous year's level. This must put "pressure on Italy to introduce incentives", said Mr Will.

Passenger cars: new registrations



Source: ACEA Data Services

West European new car registrations

January-August 1996

	Volume (Units)	Volume Change(%)	Share (%) Jan-Aug 96	Share (%) Jan-Aug 95
TOTAL MARKET	9,083,400	+6.2	100.0	100.0
MANUFACTURERS:				
Volkswagen group	1,556,527	+10.4	17.1	16.5
– Volkswagen	[illegible]	[illegible]	[illegible]	[illegible]
– Audi	[illegible]	[illegible]	[illegible]	[illegible]
– Seat	[illegible]	[illegible]	[illegible]	[illegible]
– Skoda	[illegible]	[illegible]	[illegible]	[illegible]
General Motors	[illegible]	[illegible]	[illegible]	[illegible]
– Opel/Vauxhall	[illegible]	[illegible]	[illegible]	[illegible]
– Saab	[illegible]	[illegible]	[illegible]	[illegible]
Ford group	[illegible]	[illegible]	[illegible]	[illegible]
– Ford	[illegible]	[illegible]	[illegible]	[illegible]
– Jaguar	[illegible]	[illegible]	[illegible]	[illegible]
PSA Peugeot Citroen	[illegible]	[illegible]	[illegible]	[illegible]
– Peugeot	[illegible]	[illegible]	[illegible]	[illegible]
– Citroen	[illegible]	[illegible]	[illegible]	[illegible]
Fiat group	[illegible]	[illegible]	[illegible]	[illegible]
– Fiat	[illegible]	[illegible]	[illegible]	[illegible]
– Lancia	[illegible]	[illegible]	[illegible]	[illegible]
– Alfa Romeo	[illegible]	[illegible]	[illegible]	[illegible]
Renault	[illegible]	[illegible]	[illegible]	[illegible]
BMW group	[illegible]	[illegible]	[illegible]	[illegible]
– BMW	[illegible]	[illegible]	[illegible]	[illegible]
– Rover	[illegible]	[illegible]	[illegible]	[illegible]
Mercedes-Benz	[illegible]	[illegible]	[illegible]	[illegible]
Volvo	[illegible]	[illegible]	[illegible]	[illegible]
Nissan	[illegible]	[illegible]	[illegible]	[illegible]
Toyota	[illegible]	[illegible]	[illegible]	[illegible]
Honda	[illegible]	[illegible]	[illegible]	[illegible]
Mazda	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi	[illegible]	[illegible]	[illegible]	[illegible]
Total Japanese	[illegible]	[illegible]	[illegible]	[illegible]
Total Korean	[illegible]	[illegible]	[illegible]	[illegible]
MARKETS:				
Germany	[illegible]	[illegible]	[illegible]	[illegible]
United Kingdom	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

West European new car registrations

January-July 1996

	Volume (Units)	Volume Change(%)	Share (%) Jan-Jul 96	Share (%) Jan-Jul 95
TOTAL MARKET	[illegible]	[illegible]	100.0	100.0
MANUFACTURERS:				
Volkswagen group	[illegible]	[illegible]	[illegible]	[illegible]
– Volkswagen	[illegible]	[illegible]	[illegible]	[illegible]
– Audi	[illegible]	[illegible]	[illegible]	[illegible]
– Seat	[illegible]	[illegible]	[illegible]	[illegible]
– Skoda	[illegible]	[illegible]	[illegible]	[illegible]
General Motors	[illegible]	[illegible]	[illegible]	[illegible]
– Opel/Vauxhall	[illegible]	[illegible]	[illegible]	[illegible]
– Saab	[illegible]	[illegible]	[illegible]	[illegible]
Ford group	[illegible]	[illegible]	[illegible]	[illegible]
– Ford	[illegible]	[illegible]	[illegible]	[illegible]
– Jaguar	[illegible]	[illegible]	[illegible]	[illegible]
PSA Peugeot Citroen	[illegible]	[illegible]	[illegible]	[illegible]
– Peugeot	[illegible]	[illegible]	[illegible]	[illegible]
– Citroen	[illegible]	[illegible]	[illegible]	[illegible]
Fiat group	[illegible]	[illegible]	[illegible]	[illegible]
– Fiat	[illegible]	[illegible]	[illegible]	[illegible]
– Lancia	[illegible]	[illegible]	[illegible]	[illegible]
– Alfa Romeo	[illegible]	[illegible]	[illegible]	[illegible]
Renault	[illegible]	[illegible]	[illegible]	[illegible]
BMW group	[illegible]	[illegible]	[illegible]	[illegible]
– BMW	[illegible]	[illegible]	[illegible]	[illegible]
– Rover	[illegible]	[illegible]	[illegible]	[illegible]
Mercedes-Benz	[illegible]	[illegible]	[illegible]	[illegible]
Volvo	[illegible]	[illegible]	[illegible]	[illegible]
Nissan	[illegible]	[illegible]	[illegible]	[illegible]
Toyota	[illegible]	[illegible]	[illegible]	[illegible]
Honda	[illegible]	[illegible]	[illegible]	[illegible]
Mazda	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi	[illegible]	[illegible]	[illegible]	[illegible]
Total Japanese	[illegible]	[illegible]	[illegible]	[illegible]
Total Korean	[illegible]	[illegible]	[illegible]	[illegible]
MARKETS:				
Germany	2,214,400	+7.4	27.9	27.7
United Kingdom	1,030,900	+5.5	13.1	13.2
France	1,262,300	+4.9	15.9	16.1
Italy	1,180,400	+0.3	14.9	15.5
Spain	585,700	+5.3	7.6	7.2

[illegible]

FRANCE

Fears of a sharp downturn

France's latest incentive scheme, offering buyers of new cars a bonus of FFr5,000 ($986) to FFr7,000 for trading in a vehicle at least eight years old, is scheduled to end on September 30.

It has proved so effective in stimulating sales that the government is considering extending it in some way. Figures published last week showed the domestic market had not suffered its traditional summer downturn.

Car registrations in August were up 29.4 per cent on a year earlier at 172,400, the highest August figure for six years. The committee of French automobile constructors said the incentive scheme accounted for more than 30 per cent of these orders. In the first eight months of the year, registrations are up a comparatively modest 7.4 per cent at 1.44m.

Some observers think the end of the incentives might lead to a pronounced downturn in the last three months of the year in the absence of new measures. Citroën has already announced it intends to halt production at its Rennes plant for nine days in the final quarter because of "uncertain sales prospects".

A slowdown in such a vital market is something the government could ill afford at a time when it is anxious to stimulate economic growth to lift the gloomy national mood and improve its chances of attaining the Maastricht convergence criteria for economic and monetary union.

David Owen

SPAIN

Boost for foreign industry

Government cash incentives for Spanish vehicle purchases in 1994-95 played a big role in helping the country's foreign-owned motor industry out of a domestic sales slump.

Spain introduced its Renove scheme in April 1994, offering new-car buyers a Pta100,000 ($800) registration tax discount if trading in a car more than 10 years old.

The manufacturers' association Anfac says the programme had a "very positive" impact on demand but is uncertain how far it helped the sector's recovery from the "alarming" trend of 1993. The initial six-month plan was more effective than the substitute Renove II programme, which offered a reduced Pta80,000 discount for seven-year-old cars.

The programme, accompanied by a similar plan for industrial vehicles based on subsidised credit terms, ended in June 1995.

However, last December the industry received a further boost with a cut in the 12 per cent registration tax to 7 per cent for cars of up to 1,600cc. The new centre-right government is in principle committed to scrapping the registration tax.

The cash incentives and the tax reduction favoured the lower end of the market, which Spanish-based manufacturers dominate. But Anfac says importers, such as Fiat, also gained and the measures had not halted the gradual growth in importers' share, just over half the total market.

David White

DENMARK

Kickstart for the economy

The Danish car-scrapping bonus was introduced on January 1 1994 and ran for 18 months. Some 137,000 cars, about 8.5 per cent of the total, were scrapped at a cost to the exchequer of about DKr7.8m ($1.36m).

The bonus was front-loaded, with an incentive of DKr6,500 for the first six months, falling to DKr4,500 in the second six months and DKr2,500 thereafter.

Most cars, some 101,000, were scrapped in the first period. The figure fell to 23,000 in the second six months and just 13,000 in the closing period.

Denmark's normal scrapping rate was about 35,000 cars a year.

The incentives were introduced after seven years of middling car sales, against a weak economic background since the late 1980s. By 1993, however, the economy was in better shape. A new government had taken office and faced an election the following year. It decided to kick-start the economy with various demand-boosting measures, including the incentive scheme.

Environmental arguments were also used. The parliamentary bill introducing the scheme said Danish roads would be made safer and less polluting by eliminating decrepit vehicles.

The scheme had considerable impact: new car registrations surged: registrations in 1994 jumped to 139,127 units, compared with 80,000-84,000 a year in the early 1990s. Even in 1995, new car sales remained relatively buoyant at 134,564.

Hilary Barnes

IRELAND

Dramatic impact on market

Ireland, where clapped-out bangers are part of the rural landscape, introduced a "cash for scrap" scheme in July 1995. Under the 18-month project, any motorist scrapping an old car at an authorised scrapyard is entitled to a I£1,000 ($616) government rebate on the registration tax on a new vehicle

The initiative has had a dramatic impact on the market. Sales have surged 31 per cent this year to almost 100,000 units to July, compared with 64,000 in the whole of 1995. Mr Cyril McHugh, chief executive of the Society of the Irish Motor Industry, estimates the scrapping scheme accounts for up to half the sales growth.

The scheme is restricted to used cars over 10 years old and is aimed at improving the age profile of Ireland's 1m cars. One in four is at least 10 years old – the highest proportion in Europe.

The scheme has also boosted tax receipts, in spite of the rebates, as car tax in Ireland is higher than many other EU states. Although Ireland has no indigenous car production, the authorities appear unworried by the increased imports because of a healthy trade surplus .

Mr McHugh says the makers benefiting most are those of popular small hatchbacks, such as Ford with the Fiesta and Nissan with the Micra. So succesful have the incentives been the industry is now lobbying the government to extend it for another year.

John Murray Brown

Employers push Rome to bring budget in line with Maastricht criteria

Italy urged to get in shape for Emu

By Andrew Hill in Milan

Italian industrialists yesterday called on the centre-left government to make "an extraordinary effort" to bring the budget in line with Maastricht criteria on economic and monetary union and improve competitiveness.

Mr Giorgio Fossa, chairman of Confindustria, the employers' federation, warned that Italy needed "strong action," more than just "ordinary [economic] management" which would benefit from not paying "too much attention to this or that political faction." Mr Fossa was speaking at the seminar to publish the annual economic report by Confindustria's research unit.

He suggested that an additional mini-budget would be necessary next spring to bring the Italian budget deficit in line with Maastricht targets.

The 1997 budget has already drawn fire from Reconstructed Communism, the government's hard-left allies in parliament, and Confindustria's report sets the scene for political wrangling over the measures, which should be approved by parliament before the end of the month. The government is proposing spending cuts and new revenues of L32,400bn, ($21.40bn), based on forecast economic growth of 1.2 per cent this year and 2 per cent next.

Confindustria's growth forecasts are much more cautious. The research unit said it had maintained its estimate of 0.7 per cent growth in GDP for this year, but had downgraded to 1.5 per cent its forecast for 1997, "to take account of the sluggishness of the Italian recovery, and its delay compared with the rest of Europe".

Earlier this week, Istat, the state statistics institute, confirmed that year-on-year inflation had dropped to 3.4 per cent, its lowest level since 1969. But Confindustria said that the battle against inflation had not yet been won, and that the government's objective of 2.5 per cent inflation in 1997 was unlikely to be met if the cost of labour continued to rise.

One signal of the difficulties ahead for the government could come from negotiations between metalworkers' unions and employers, which restart today.

The unions, representing more than 1m employees, have already called an eight-hour general strike for September 27, and are demanding compensation for losses in real wages over the last two years.

Since a 1993 national agreement, wage rises under union contracts have been held within the government's inflation targets. Inflation was well above those targets in 1994 and 1995.

The metalworkers' unions warned yesterday that if employers persisted with their hard line over interpretation of the 1993 agreement it could lead to widespread industrial action involving the whole union movement.

Germans get Europe's 'biggest' shop complex

By Michael Lindemann in Oberhausen

Time-honoured German shopping habits will be challenged today when CentrO – billed as Europe's biggest shopping complex – opens on the site of a former Thyssen steel plant in the Ruhr.

It will also set new standards beyond Germany's borders: many of the 30m or so people who live within two hours of the CentrO shopping centre are Dutch and Belgians who, CentrO's management hope, will make up about 25 per cent of the shoppers.

Germans, who shop traditionally at specialised high street stores which still have very limited opening hours, are now offered what is billed as "the ultimate shopping experience" of walking through airy shopping galleries filled with music and dotted with eateries.

The developer, Mr Eddie Healey – who was also behind the Meadowhall shopping centre near Sheffield in northern England – hopes that the 200 or so shops and the ambiance will set new standards in Germany and produce more than DM1bn in sales.

The mass of shops is not all that is on offer at CentrO. The 83 hectare (206 acre) site includes an 11,500 seat concert hall and an amusement park with pirate ships and other features normally reserved for Disneyland.

There is even one of Mr Arnold Schwarzenegger's Planet Hollywood restaurants which, as the company said, are normally reserved for capital cities such as Paris or London.

Together with P&O, the UK shipping and hotels group, Mr Healey has spent DM2.1bn on developing CentrO.

Mr Healey says he will create 10,000 jobs in an area where unemployment is 14.7 per cent. He says he has already created created 6,000 jobs. A further 1,500 are expected at a business park which is part of the complex and has already become the home of Coca-Cola's German headquarters. Another 2,000 jobs, Mr Healey says, will come from the longer shop opening hours which begin on November 1.

Mr Healey also believes that traditional German scepticism about the transition from an industrial manufacturing economy to a more vibrant service sector will be cast aside when people realise that shopping centres can create employment.

However, it comes as no surprise that retailers in surrounding towns, who are still struggling to get through Germany's worst retail recession, fear they will lose business to CentrO.

Mr Hans-Ulrich Predeick, the city planner in nearby Muelheim, said: "The losses are going to hurt a lot. CentrO is going to be a considerable burden for all the neighbouring towns."

Mr Burkhard Drescher, the mayor of Oberhausen, admits that surrounding towns like Duisburg and Gelsenkirchen are "envious". He insists, however, that several studies commissioned by Oberhausen show that CentrO will draw away only up to 3 per cent of the retail trade in nearby towns.

City centre shops and those in out-of-town developments are to benefit most from the imminent liberalisation of Germany's shop opening hours, the federation of German retailers said yesterday, reports Frederick Stüdemann from Berlin. But turnover and jobs were unlikely to be greatly affected by the extending of opening hours, which officially takes effect in November when shops will be able to stay open until 8pm on weekdays and 4pm on Saturdays as opposed to 6pm and 2pm at present. Mr Holger Wenzel, head of the federation, said that existing sales volume would simply be spread differently across the week as customers made use of longer opening hours.

He said only 10 to 15 per cent of retailers would extend opening hours over the long term. Some retailers will be unable to extend opening hours when the law takes effect as they will be bound by existing agreements with employees.

Paris deepens defence reform

By David Owen in Paris

France's sweeping defence reforms were given fresh impetus yesterday with the unveiling of proposals to modify procurement procedures and improve co-ordination between the services as part of the government's drive to rein in costs.

The proposals, which will entail a profound reorganisation of the Délégation Générale pour l'Armament (DGA), the 48,800-strong industrial arm of the defence ministry, also presuppose an increase in defence co-operation with other European countries. The proportion of France's arms budget spent in co-operation with its partners, principally Germany, the UK and Italy, is to more than double over the next six years to 34 per cent from 15 per cent today..

Mr Charles Millon, defence minister, said the plans would give France a "more effective, more modern and less costly defence".

His remarks came a day after thousands of defence workers took to the streets across France to protest at the government's broader reform plans. Mr Millon said the changes to the DGA included "neither a social plan, nor a site closure nor a restructuring". Staff numbers would come down by natural wastage.

Thousands of defence jobs are to disappear at organisations such as the DCN navy shipyards and Giat, the near-bankrupt tank, arms and munitions maker.

The proposals come less than six months after Mr Jean-Yves Helmer was brought in from the private sector and appointed head of defence procurement with the task of improving productivity in French military programmes by 30 per cent over the next few years.

Under President Jacques Chirac's 1997-2002 defence plan, the former head of Peugeot's car division will have no more than FFr86bn a year (in constant 1995 francs) with which to buy military equipment.

This squeeze – more than FFr90bn was spent on equipment last year – is partly designed to offset the introduction of slightly higher pay rates to entice volunteer recruits to the French army as conscription is phased out.

President Chirac yesterday gave his approval to the proposals, describing them as "important and courageous" and demonstrating France's will to "maintain and modernise its defence tools".

Insurers in France may put funds elsewhere

Wider investment prospects seen after monetary union

By Andrew Jack in Monaco

French insurance companies are likely to shift substantial amounts of their investments to other European countries following monetary union, the head of one of France's largest insurers said yesterday.

At present, French insurers hold the vast majority of their investments in francs to avoid the risk of currency fluctuations, since they are required to pay out on their policies in francs.

They also have traditionally held a very high proportion of investments in government bonds, although previous regulations setting limits on this form of investment have been abolished and insurers are increasingly investing in equities.

But Mr Antoine Jeancourt-Galignani, chairman of AGF, the recently privatised French group, said yesterday: "Monetary union brings new possibilities for investments and placements for life and non-life business."

The FFSA, the leading French insurance association, is currently assessing the likely impact of Emu on its industry. French insurers would need to spend "many tens of millions" of francs in re-equipping their computer systems, tariffs and prices to adjust for the passage to a single currency, Mr Jeancourt-Galignani told the 40th annual international conference of re-insurers held in Monaco.

He said that little money had so far been spent by insurers on preparations, partly reflecting continued caution about whether and when monetary union will take place.

French insurers are anticipating a new injection of funds that they manage following fresh government proposals for the creation of complementary pension schemes for private sector employees.

Mr Jeancourt-Galignani said that after heavy losses for re-insurers in the early 1990s triggered by a number of costly natural disasters, profits were improving – leading to an increase in capacity and downward pressure on prices.

So far this year re-insurers have been affected by the FFr2.1bn ($410m) fire at the headquarters of Crédit Lyonnais in Paris and the DM350m ($230m) fire at Düsseldorf airport. But existing provisions mean these disasters are unlikely to affect profits of re-insurers significantly this year.

At the conference yesterday re-insurers expressed scepticism that new forms of financial instruments – notably so-called "catastrophe bonds" – would form a significant alternative way for insurers to underwrite their exposures. However, Mr Jeancourt-Galignani said he believed that they would find a role in the longer term.

He also said yesterday that AGF might in principle be interested in acquiring GAN, the French state-owned insurer, assuming the price was right, its balance sheets cleaned up, and problems of over-staffing resolved.

Perot chooses obscure running-mate

Reform party's selection of Choate is good news for opponents, writes **Jurek Martin**

Mr Ross Perot's choice of Mr Pat Choate, the protectionist economist, as his vice presidential running-mate, says a lot about the Reform Party candidate's campaign for the White House this year. For his supporters, the news is not good.

As in 1992, when he plucked out of retirement Admiral James Stockdale, he has proved unable to attract anybody of substance to his ticket, surely a testament to the idiosyncratic, even dictatorial, approach for which he is renowned.

Having been turned down by at least three past and present members of Congress, he has been obliged to reach into the obscure world of Washington trade think-tanks – and to a man held in such dim regard by most of his professional confrères in the field that their comments are unprintable.

At least Mr Choate, never publicity shy, has been close to Mr Perot for some time. He attracted attention with his 1991 book, *Agents of Influence*, which accused Japan of trying to suborn the US government at every level through the use of lobbyists, part of its alleged strategy to supplant the US as the leading global economic power.

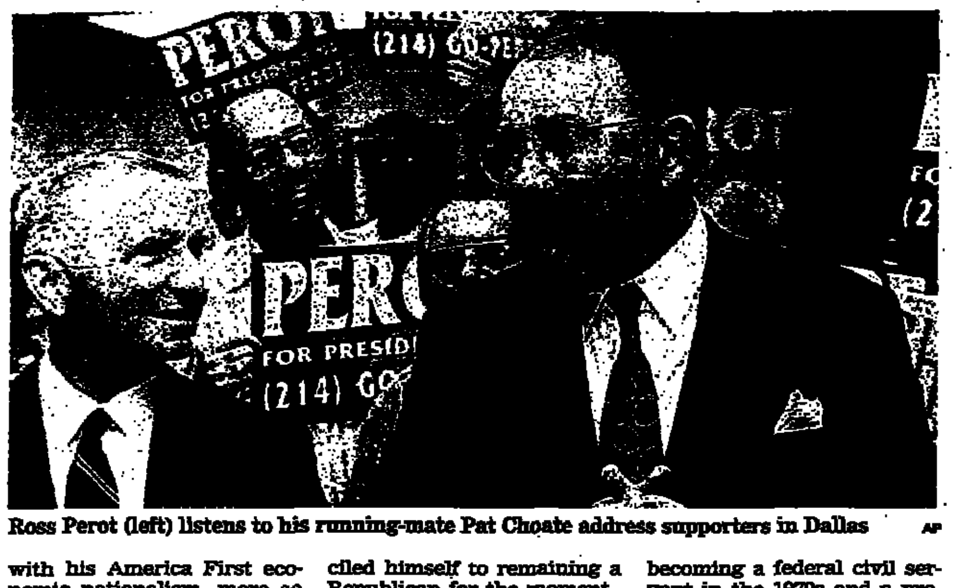
The two then co-operated on another volume two years later, hyperbolically titled *Save Your Job, Save Our Country*. It was intended to whip up opposition to the two major trade treaties, Nafta and Gatt, but to no avail since both were approved by the Congress.

Those legislative votes were indicative of the fact that US protectionism has a far more limited appeal as an electoral issue than its noisy protagonists care to acknowledge. Congressman Richard Gephardt of Missouri got nowhere with this platform in his abortive run for the Democratic presidential nomination in 1988 and neither has Mr Pat Buchanan in two tries at the Republican prize.

The rightwing polemicist did make a fleeting mark with his America First economic nationalism, more so this year than in 1992, but it drew backing only from a fragment of discontented blue collar workers and doctrinaire conservatives. Mr Buchanan toyed with the idea of hooking up with Mr Perot, or forming his own party, but has now reconciled himself to remaining a Republican for the moment.

Mr Choate, 55 and bearded, grew up in Maypearl, Texas, not far from Mr Perot's current base in Dallas. He earned a graduate degree in institutional economics from the University of Oklahoma and worked for the state governor before becoming a federal civil servant in the 1970s and a prolific author ever since.

But, beyond ideological consistency with the candidate and a greater polemical flair than Admiral Stockdale, it is hard to see what Mr Choate brings to Mr Perot's flagging effort, now down to the 4-8 point range in most polls, other than increase its focus on the inequities of foreign trade and competition.



Ross Perot (left) listens to his running-mate Pat Choate address supporters in Dallas AP

The 19 per cent that Mr Perot won as an independent in 1992 was a tribute to his own freshness as an anti-politician and to his ability to identify a key national concern, the soaring budget deficit. This year, the novelty has worn thin and the deficit is a third of what it was.

But if political and trade experts were dismissive of his vice presidential selection, another anti-politician candidate was not. Mr Ralph Nader, running for the Green Party, said Mr Choate "changes the complexion of the campaign" because of his ability to appeal to labour and environmentalists, both suspicious of free trade.

If Mr Nader played by the political rules, which he certainly does not, that could be translated as a hint that he might hook his star to the Perot wagon. Faded now, it still shines more brightly than Mr Choate's.

Dole hopes to step back from the brink

By Patti Waldmeir in Washington

Mr Bob Dole yesterday sought to ease mounting panic among congressional republicans at the prospect of a large Democratic victory in the elections on November 5.

Shrugging off his low standing in opinion polls – which put him up to 20 points behind his Democratic rival, President Bill Clinton – Mr Dole told a pep meeting of House and Senate Republicans: "Don't worry about this election. We're going to win. We're going to win."

Both Mr Dole and his exuberant running mate, Mr Jack Kemp, drew standing ovations and boisterous applause from the assembled Republicans. But Congressional Republicans are painfully aware that Mr Dole will have to make a comeback of historic proportions to defeat Mr Clinton, overcoming an opinion poll deficit larger than any bridged successfully by a candidate since the second world war.

So there was a note of desperation to the tone of Mr Trent Lott, the Senate majority leader, when he insisted yesterday that this could be done: "The numbers *will* rise. Mark my words, the numbers *will* go up," he said. For his part, Mr Dole stressed that the 54 remaining days of the campaign were "a long time in politics". He drew a parallel with his successful recovery from a near-fatal war wound, quoting a 1948 letter to his father from the Army hospital where he was treated for his wounds, saying "at the present time it would appear that his recovery is somewhat questionable".

Congressional Republicans have made plain their concern that Mr Dole's curiously flat campaign will depress overall Republican turnout and jeopardise the party's continued control of Congress. Many had pinned high hopes on Mr Dole's tax-cutting message to inspire voter support, but this has not happened.

The campaign has shifted tack to stressing issues of character and has released a TV advertisement featuring Mr Colin Powell, the former general. "Bob Dole is the candidate most qualified by virtue of his beliefs, his character and competence to be the next president of the US", Mr Powell says in the commercial.

Haiti privatisation go-ahead paves way for foreign aid

Haiti is expecting just under $200m in foreign aid following parliamentary approval of the privatisation of several state enterprises, Canute James reports from Kingston. The funds will be released when the sell-off begins, government officials said yesterday.

The privatisation and trade regulation and civil service reforms were agreed more than two years ago by the government with foreign donors and creditors. The changes were controversial, however, leading to the resignation of the prime minister last year.

Several months of filibustering ended late last week when the lower house approved privatisation but it is not yet clear which company will be offered for sale first. A cement plant, a flour mill, electricity, water and telephone companies, and ports and airports are listed to be sold.

"Everyone is now looking at us to see if we are serious about this, and we intend to indicate our decision by moving quickly to offer at least one entity," a government official said yesterday.

Haiti is scheduled to receive $106m from the World Bank which government officials say will be used together with funds from the US Agency for International Development to close a $125m budget deficit. There will be a further $70m from the IMF, the US and the European Union for debt relief, civil service reform, trade reform and the development of agriculture. Donors and creditors have committed about $1.2bn for Haiti over three years.

$5bn programme to protect banks from liquidity crises

Argentina steps up precautions

By Stephen Fidler, Latin America Editor

Argentina's central bank expects by the end of the month to complete a $5bn standby financing programme from international banks as insurance against a repeat of last year's run on the banking system.

The aim is to protect banks from liquidity crises such as that triggered last year by Mexico's surprise devaluation, which caused $8bn, or 18 per cent of total bank deposits, to flee the financial system.

Mr Pedro Pou, the central bank president, said that 16 international banks bid to provide $7.4bn of standby financing over periods of between two and five years. Legal documentation was now being drawn up.

Initially, the central bank thought $3bn would be enough to counter a run on the banks of the magnitude encountered last year, but the marginal cost of accepting a further $2bn of commitments was small. This enlarged programme should have a sufficient impact on confidence to alleviate a crisis in the first place, said Mr Pou, who was in London yesterday.

Argentina's central bank is limited in its ability to act as lender of last resort to banks by a currency board arrangement that requires its monetary base to be backed by international reserves.

The central bank has already instituted a deposit insurance scheme and changed its rules over reserve requirements. Raising domestic banks' already high liquidity requirements – currently 16.1 per cent of deposits – would be one option to provide further support to the banking system, but would have the drawback of reducing banks' inclination to lend in a recessionary economy.

The central bank would pay an annual commitment fee of an average 0.3265 per cent to keep in place $5bn of finance. If drawn, the money would be lent under securities repurchase agreements and would cost an average 2.0225 percentage points over London interbank rates.

The lending banks, led by Chase of the US which offered $1.5bn, would hold Argentine government securities as collateral. The market value of the collateral held would be 20 per cent higher than the money lent, and the amount of collateral would increase further if the value of the securities declined. Société Générale of France offered $1bn. Some $7.5bn of valid collateral is held in the Argentine financial system.

The 16 potential lenders are entirely from the US and continental Europe. British banks, discouraged by the high provisions the Bank of England still requires on loans to Argentina, did not bid.

Mr Pou said the central bank had been concerned not to restrict the future willingness or ability of participating banks to lend more to Argentina, and believed it had achieved this by structuring the financing as a capital markets operation. This should minimise, he said, the effect on banks' country limits for Argentina.

"We gave a lot of thought to the structure of the financing so as to ensure that banks used up very little of their capital requirements and their Argentine country risk limits," he said.

Guatemala's fighters from both sides discover politics

Army and guerrillas are starting to sell themselves to a peace-time audience, writes **Johanna Tuckman**

Last month a military helicopter weaved between the mountains to bring Brigadier General Sergio Camargo to the small rural Guatemalan town of Colotenango. The general was handed 60 Mauser rifles as a ragged line-up of former peasant militia held placards proclaiming "We thank the Guatemalan army for steering us to peace".

The ceremony inaugurated the Guatemalan army's national plan to demobilise the notorious Civilian Self Defence Patrols. For 14 years the patrols were central to counter insurgency policy and military control of rural communities nationwide. They also attracted the spotlight of international attention for their part in the massacre of thousands of peasants considered potential guerrilla sympathisers by the army.

The Guatemalan government-military negotiating team and the leftwing URNG guerrilla commanders recently issued a joint declaration committing themselves to signing 35 years of armed conflict into history before the end of this year.

In the meantime, with a ceasefire already in place since March, both the military and the guerrillas are already immersed in the task of reselling themselves to a peace-time audience.

"As a soldier I am grateful for your collaboration and co-operation... history will always value you," Gen Camargo told the patrollers. But the general, one of the team of moderates that has dominated the military high command since February, also made it plain that peace meant the services of the patrols were no longer needed.

In the early 1980s there were 1m patrollers, but as the intensity of the war subsided so the numbers dwindled to their current level of 250,000. No longer accused of slaughtering hundreds at a time, they are now better known for intimidation and the occasional assassination.

Three years ago in Colotenango Juan Chanay was shot dead during an anti-patrol demonstration. The case is currently before the Inter-american Human Rights Commission in Washington and the army's choice of the town to get its demobilisation plan under way shows an astute sensitivity to human right sensibilities.


For 14 years the Civilian Self Defence Patrols were central to counter insurgency policy Reuter

"This is a symbolic event, a profound message meant to reach beyond and throughout Guatemala that the army is doing concrete things," said Gen Camargo, basking in a public relations success after the former patrollers had marched out of the square.

The ceremony that overflowed with talk of reconciliation was observed with cautious approval by members of the UN mission to Guatemala. "The mission considers that this process could have an enormous importance for the future of human rights in Guatemala," said the head of verification Mr Jaime Sponda.

Meanwhile, the URNG is also launching its own charm offensive but its target audience is much more firmly rooted at home. The guerrillas are preparing to enter the legal political arena after the peace is signed.

Leaving the cover of their mountain hideouts URNG units are paying courtesy calls on rural villages and towns, while their urban comrades are making flying visits to Guatemala City's main university campus and local indoor markets.

The speeches and the pamphlets delivered, the combatants of Central America's last remaining guerrilla organisation disappear as quickly as they surfaced, without a shot being fired.

The DJ at the capital's central market, named Sergio, was operating as usual when two young urban guerrillas wearing dark glasses came into his telephone box-sized booth. They told him there would be no trouble if he played a propaganda cassette.

"I put it on but I didn't listen, I don't get mixed up in these things, I just work and study in the evenings.... I think it said something about revolution," Sergio explained.

According to Tono the rejection of the URNG message was more active. "Nobody paid attention. In this market everybody has either been in the army or the police or has children that are, so news travels fast. No one talks about the guerrillas and it is best not to," he said.

Political campaigning in a country where the majority see no reason to vote in elections and are frequently frightened to express their opinions can be a pretty thankless task.

But Vilma, working behind her fish stall, said that her section of the market was impressed by the guerrilla propaganda. "They said that we should join together and things like that. People said that this was good, that maybe they might help us because the president is only a clown of the rich," she whispered.

Meanwhile, at the latest round of talks last month it was announced that negotiators were close to reaching consensus regarding the post-war role of the army as well as the details of how civil society should be strengthened. President Alvaro Arzú has promised that an accord would be signed in Mexico on September 19, opening the way for discussion on the demobilisation of the guerrillas, the definitive ceasefire and the timetable for the implementation of the accord.

WTO tariff initiative opposed

By Frances Williams in Geneva

European chemical industry representatives said yesterday they were opposed to any new tariff-cutting initiative at the World Trade Organisation's first ministerial meeting in Singapore in December. However, they would support an eventual objective of zero chemical tariffs by 2010.

The European Chemical Industry Council (CEFIC), which groups industry associations and companies in 22 countries, said this stand reflected disappointment that some leading chemical-producing nations remained outside an existing accord to harmonise chemical tariffs at low levels.

Among OECD countries Australia is not a signatory of the chemical tariff harmonisation agreement, part of the Uruguay Round package of global trade deals that came into force last year.

Brazil, Argentina and Malaysia, though they have cut tariffs substantially, are also outside the agreement, which provides for reductions in customs duties to 5.5-6.5 per cent over 5-10 years.

Until the accord is accepted by all the main chemical producers, "industry believes it has reduced tariffs enough", Mr David Wakeford of Britain's ICI, chairman of CEFIC's external trade committee, said in Geneva.

He said the chemical industry was nevertheless ready to back elimination of chemicals tariffs by 2010, provided all relevant WTO members implemented it and there were no exceptions in product coverage.

CEFIC's priorities for the Singapore meeting include a political push by WTO members for "a radical approach to customs reform" to simplify and standardise customs procedures. Mr Wakeford said red tape and delays at frontiers were now among the most important non-tariff barriers to trade facing the chemical industry.

Widely varying and unpredictable customs procedures added heavy costs to the industry and handicapped use of systems, such as just-in-time production, that require quick delivery of supplies, he said.

According to the United Nations Conference on Trade and Development, transaction costs may amount to as much as 10 per cent of the value of world merchandise trade of $4,900bn last year.

Mr Wakeford said the detailed work on customs simplification could be done by experts at the World Customs Organisation and elsewhere. But it was important for the WTO to take the political initiative.

Otherwise, CEFIC believed the Singapore meeting should take a "few focused initiatives" to maintain the momentum of trade liberalisation and concentrate on full implementation of the Uruguay Round.

Stay-at-home export drive pays dividends

By Alexandra Capelle in London

High-tech British road sweepers are cleaning the streets of Russian towns under a new matchmaking approach to trade which brings potential Russian customers to the United Kingdom rather than dealing through the often troublesome Russian business world.

Ramati International, a UK-based company helping to develop export opportunities in Russia, decided that bringing Russian mayors and local officials to the UK to demonstrate the latest roadsweeping technology on site was the best way to strike a deal.

"The traditional route chosen by most firms is to concentrate their sales activity within Russia. We did completely the opposite and brought potential Russian customers to the UK instead," Mr Marcel Beller, Ramati's managing director, said.

Mr Beller's promotion work began to pay off when he secured the first Russian order for British road sweepers with two trucks worth $100,000 each arriving in the town of Magnitogorsk before the end of the month. Its mayor is already planning to return to the UK to order more and another confirmed order of two units for the Takaria region was agreed this week.

"We are aiming at sales of 50 road sweepers a year by 1998 – regarding the response we are having now, with other regions interested," Mr Beller said.

He is convinced the trips helped to establish good contacts and relationships between potential business partners. "This one week in the UK is worth over two to three years in Russia trying to make contacts and penetrate the market," Mr Beller said.

'One week in the UK is worth over two to three years in Russia trying to make contacts'

Johnston Engineering which manufactures the road sweepers had spent some time trying to sell directly into Russia. "In many countries it's like swimming against the tide. Things have been difficult (in Russia) but we are quite pleased with the way things are proceeding," Johnston's regional export sales manager, Mr Colin Packham, said.

Until now only Russian-made trucks have been on the roads but, according to Mr Beller, they lack efficiency and do a superficial cleaning job at the most. Johnston Engineering roadsweepers have 45 per cent of the world market.

"For the local authorities in Russian towns $200,000 (for two road sweepers) is big money but they want to improve their image and be more progressive than others in the new economy. They want to progress with the rest of Europe and be first," he said.

Competition is tight, with German and Japanese companies trying to enter the Russian market. In its latest promotion drive Kroll, a German manufacturer, sent one truck to Moscow earlier this year on a three-month trial and subsequently sold 100 road sweepers.

● Reuter adds from Peoria, Illinois: Caterpillar is to supply a fleet of mining trucks, tracked tractors and excavators along with spare parts for use by Almazy Rossii-Sakha, Russia's largest diamond producer, in eastern Siberia. The deal is worth $36.5m

High hopes for new bearings

By Peter Marsh in London

T&N, the UK engineering group, yesterday said it was discussing contracts worth several million pounds in the new area of magnetic bearing technology for industries such as oil production and chemicals.

The company is a world leader in developing such bearings, which have evolved partly from second world war work in Germany on V2 rockets.

Magnetic bearings use magnetic forces to keep rotating shafts free from housings. They are viewed as substitutes for conventional fluid film bearings used in large engineering installations.

While costly to fit, they offer big efficiency increases over conventional bearings because of easier maintenance and higher running speeds.

Mr Viv Fletcher, general manager of T&N's magnetic bearings division, said "a large number" of big companies were evaluating the use of the new bearings in installations such as oil rigs and chemical plants. In such cases, the devices would be fitted to equipment such as pumps and compressors.

World sales of magnetic bearings in industrial applications were likely to grow from about £5m ($7.7m) a year to 10 times this figure by early next century, said Mr Fletcher. "The industry is about to take off," he said.

The other main company worldwide examining industrial applications for magnetic bearings, which up to now have mainly seen service in esoteric space systems such as scientific satellites, is Société de Mécanique Magnetique (S2M), which is part of Seiko, the Japanese machine tool and instrumentation group.

Seiko acquired the French company last year from the French rocket-engine maker Société Européenne de Propulsion, which has used S2M technology in Ariane, the European satellite launcher, and other machinery.

Among the companies using magnetic bearings in various installations worldwide are Dow Chemical and Novacor, two big chemical companies; BW/IP, a US management buyout from Borg-Warner which is a leading pump maker; and German compressor maker Demag, part of the Mannesmann engineering group.

Other companies evaluating magnetic bearings, which require advanced computer-based control systems and can cost up to £100,000 each, include Shell, BP, British Gas, and Exxon.

Afta still on target say trade ministers

By Greg Earl in Jakarta

The Association of South East Asian Nations (Asean) is progressing towards an Asean Free Trade Area (Afta) by the target date of 2003, trade ministers said yesterday.

"The basic things are already done and are about to be implemented, so in other words we will actually be able to meet our target for tariff cuts by the year 2000 and 2003," Mrs Rafidah Aziz, Malaysia's international trade and industry minister, said.

Asean groups Malaysia, Indonesia, Singapore, the Philippines, Brunei, Thailand and Vietnam.

A dispute over including some agricultural commodities in the tariff reduction scheme was passed to the Asean secretariat for review after Indonesia and the Philippines requested a 10-year extension for rice and sugar in the Common Economic Preferential Tariff scheme by the year 2010. Their proposal could allow them to maintain some farm protection arrangements until 2020, the overall deadline for regional free trade established by the Asia Pacific Economic Co-operation forum.

The Asean ministers met to press ahead with regional economic integration with discussions on an Asean investment area, liberalisation in services, a customs harmonisation agreement and agreement on a dispute settlement mechanism.

A Thai official, Mr Krirk-Krai Jirapaet, strongly criticised the proposed delay, saying it would hurt the credibility of Asean as a free trade area.

Indonesia says it needs more time to prepare its rural sector for open trade, but has not clearly specified which agricultural products it is most concerned about.

WORLD TRADE NEWS DIGEST

Freightliner in China venture

Freightliner, the US heavy trucks specialist owned by Mercedes-Benz, is to assemble trucks in China – the first US truck manufacturer to do so. Freightliner is creating a joint venture, in which it will hold a 75 per cent stake, with the public sector authorities in Shanghai.

The new company, Shanghai Freightliner Truck, expects to begin assembling vehicles from May 1997 and to be making up to 4,000 vehicles a year within three years.

The deal follows the agreement between Mercedes-Benz and the Chinese authorities to build multi-purpose "people carriers", based on Mercedes' new V Class range. Talks on the deal, which has been proceeding slowly, are continuing and a feasibility study is under way. The trucks venture will concentrate on special purpose vehicles of more than 14 tonnes, such as cement mixers and tippers. *Haig Simonian, Motor Industry Correspondent*

Chile agrees Mercosur tie

Chile's senate has approved associate membership of the Mercosur customs union, eliminating the final obstacle to participation in the regional trade pact.

President Eduardo Frei said Mercosur membership would bring great opportunities. The four Mercosur countries, Argentina, Uruguay, Paraguay and Brazil, have 200m consumers.

The pact comes into effect on October 1 and will gradually reduce tariffs between Chile and Mercosur countries over 18 years. Most of these are expected to be eliminated within 10 years.

Chilean investments in Mercosur countries make up 57 per cent of all its foreign investment over the past six years, totalling $4.9bn. Senate approval came after the agriculture minister, Mr Emiliano Ortega, unveiled a $500m plan to help small and medium farmers adjust to the new market conditions. *Elizabeth Love, Santiago*

■ Alestra, a joint venture between the Alfa Mexican industrial combine and AT&T of the US, will invest $450m in Mexico in 1997, ready for when the long-distance market is opened to competition on January 1, 1997.

Former state-owned company Telefonos de Mexico has a monopoly on long distance calls in Mexico, other than those made by cellular telephones. Alestra estimated that the Mexican market for domestic and international calls was worth $3bn-$4bn a year. *Reuter, Monterrey*

■ Dalhousie University in Halifax, Nova Scotia, Canada, is to send 40 professionals to set up a rehabilitation centre in Kuwait to help Kuwaitis suffering from cardio-vascular and respiratory problems. They will also do research and train Kuwaitis under a C$30m (US$21.8m) contract with the Kuwaiti government. *Robert Gibbens, Montreal*

■ A unit of LoJack International of the US has reached a licence agreement with a Samsung Group affiliate in Korea. LoJack said under the licence, trademark and supply agreement, S1 of Seoul received the exclusive right to implement, operate and market LoJack's stolen vehicle recovery system in Korea.

LoJack said it expected initial orders under the agreement exceeding $2m. S1, formerly known as Korea Secom, is a joint venture between Secom of Japan and a unit of the Samsung Group. *AP-DJ, Dedham*

Party chiefs set stage for Japan poll

By William Dawkins in Tokyo

Leaders of the three parties in Japan's government coalition will meet today to discuss holding a snap general election, possibly on October 20, coalition officials said yesterday.

The meeting comes shortly after an apparently successful attempt by Mr Ryutaro Hashimoto, the prime minister, to ease the government's most urgent foreign policy and security headache – opposition by residents of the southern island of Okinawa to the presence of strategically vital US bases.

Temporary resolution of the Okinawan problem would leave the government free to go to the polls, as demanded by the rank and file of the Liberal Democratic party (LDP), the largest group in the coalition.

They want a quick general election before the imminence of a rise in sales tax, due next April, casts a deeper shadow on the government's already shrinking popularity.

With an eye to the election, Mr Hashimoto yesterday called for a study of sweeping reforms to the government structure, which he said was too complicated and sectionalised.

Japan's exact political line-up after the poll, to be held under a new electoral system, is very unclear.

But it is widely accepted by political analysts in Tokyo that the next government will probably be another coalition and pursue broadly similar policies – centre-right, a loose monetary stance, and a cautious approach to economic deregulation.

But Mr Hashimoto has so far resisted pressure to rush into an election. He said yesterday he first wanted to await the Okinawan people's reaction to a Y5bn ($45.5bn) economic development grant he announced earlier this week at a meeting with Mr Masahide Ota, the island's governor.

Mr Hashimoto had called that meeting to discuss the result of last Sunday's referendum, in which nearly 90 per cent of Okinawans who voted supported a cut in US military bases there.

Mr Ota was understood to have emerged from the meeting satisfied that Tokyo was prepared to do all it could to lessen the military burden on Okinawa. In return, Mr Ota was reported to be considering lifting his refusal to renew leases on US-occupied land in Okinawa.

The LDP's fortunes brightened yesterday when three members of parliament announced they were to leave the main opposition group, the New Frontier party (NFP), to rejoin the LDP.

This is another symbolic blow for the NFP, formed from a collection of small parties two years ago with a promise to change the face of Japanese politics and to be more sensitive to the electorate.

Mr Sadao Ioku, one of the defectors, said the NFP's ideology had become "thinner and thinner". Two other rising stars in the NFP have left over the past month.

At the same time, the political battlefield grew more competitive yesterday, when four young breakaway politicians announced the formation of a new group, the Democratic party. This is led by Mr Yukio Hatoyama, a former member of the government coalition and Mr Naoto Kan, the health minister, popular for his exposure of bureaucratic responsibility for the spread of Aids among haemophiliacs.

The new group is distinguished from the LDP by image rather than policies.

It claims to be more liberal than the LDP and opposition, and seeks to hold a swing position in a future coalition by appealing to young and urban voters.

Mahathir urges banks to take risks

By James Kynge in Kuala Lumpur

Dr Mahathir Mohamad, Malaysia's prime minister, yesterday chided local banks for being "camp followers" in the country's economic advance and told them to take more risks to help spur industrial growth.

"The time has come for them to take the lead," he told bankers in Kuala Lumpur. "They must take risk."

Dr Mahathir's words carry great weight in Malaysia as the government plays a central role in helping domestic banks get licences in foreign countries, such as China, which might otherwise remain closed.

He said Malaysian banks should seek to emulate the practices of Japanese banks in the 1960s and 1970s by taking equity stakes in manufacturers and ploughing back earnings for expansion and diversification. He said Malaysian banks rarely provided venture capital, an important source of finance for small companies.

He told bankers they should start 'ending to smaller, start-up manufacturing companies so as to boost the number of home-grown companies in an export sector still dominated by the subsidiaries of foreign multinationals.

Dr Mahathir said banks typically opted for the easy option of making loans to foreign multinationals and other safe ventures and he urged them to finance more local companies' overseas investments.

Last year, the current account deficit was M$17.8bn ($7bn), or 8.8 per cent of gross domestic product. Most economists predict, however, a sharply lower deficit this year.

Meanwhile, statistics announced by the central bank, Bank Negara, showed merchant bank lending grew 16 per cent in the first half of the year compared with 4.4 per cent growth in the same period a year ago.

Beijing tries its charms on HK

Conciliatory signals raise hopes of a smooth handover, writes John Ridding

After disputes and diatribes, China has begun sending conciliatory signals across the border to Hong Kong.

Overtures to the territory's Democratic party, upbeat comments on ties with Britain, and a softer line towards Mr Chris Patten, Hong Kong's governor, are among the latest signs of a "charm offensive" which has fuelled hopes of a smooth handover on July 1 next year.

"This is very welcome," says Mr Vincent Lo, a member of the Beijing-appointed committee overseeing the handover and a prominent industrialist. "It reflects a pragmatic stance."

Others are more wary. "We need to see substance, not just style," says a pro-democracy politician. "There are a lot of difficult issues left and there are questions about the motives for China's acts."

These acts include an offer of contacts with political opponents in the territory.

Mr Qian Qichen, the foreign minister, has signalled Beijing is prepared to open discussions with the Democratic party, the largest group in Hong Kong's legislature and the most vocal critics of China's plans.

Further common ground has been found in a Sino-Japanese dispute over the Diaoyu islands (called the Senkakus by Japan) in the East China Sea. The row has brought thousands of protesters, including many democrats, on to the streets of Hong Kong in support of Chinese sovereignty.

Demonstrators yesterday in the streets of Hong Kong protest against Japan's claim to the Diaoyu islands AP

Beijing has also softened its stance towards Mr Patten. Mr Lu Ping, China's top official on Hong Kong, said last week he looked forward to shaking the governor's hand at ceremonies on June 30 – a symbolic but significant gesture given Beijing's hostility to Mr Patten and his democratic reforms.

Part of the explanation for all this lies in the shortcomings of China's previous high-handed approach. In spring, for example, the announcement that civil servants seeking to stay on after the handover should support China's controversial plan to replace Hong Kong's legislature fuelled unease. Clumsy comments by senior officials on press and political freedoms also provoked fears.

"Their public relations have been disastrous," says one legislator. He argues that with the handover approaching, China is increasingly aware of the need to secure a smooth transfer.

The stakes extend beyond Hong Kong and its economic importance to the mainland. "The handover will determine China's relations with the international community and its prospects of reunification with Taiwan," says a diplomat. He adds that the setbacks to Beijing's hardline approach to Taiwan earlier this year, when missile tests failed to cow the island's electorate, have strengthened the hand of moderates such as Mr Qian in policy on Hong Kong.

But there are also tactical factors. By offering an olive branch to the Democratic party, Beijing is seeking to draw some members to its cause. The ultimate objective is to bring democrats on to its planned provisional legislature, easing one of the most contentious handover issues.

"Apart from creating a conciliatory atmosphere, Mr Qian has also succeeded in dividing the pro-democracy camp into people who are prepared to compromise their principles and those who will stand firm," says Ms Emily Lau, an independent legislator.

Whatever the motives, the implications of Beijing's more accommodating stance are significant. "The greatest concern of people in Hong Kong is that China acts rationally and is willing to listen," says Mr Michael de Golyer, head of the transition project at Baptist University.

But whether the handover is smooth depends on whether China follows through in its offer of talks with opponents and how it handles thorny issues, from the rules governing Chinese troops in Hong Kong to the selection of the territory's chief executive and the replacement of the legislature.

"Being reassuring is a win-win situation for China at the moment," cautions one legislator. "It brings them support and creates problems for opponents." In his view, the real test is not how many people are won over to China's side but how Beijing responds to those who decline its charms.

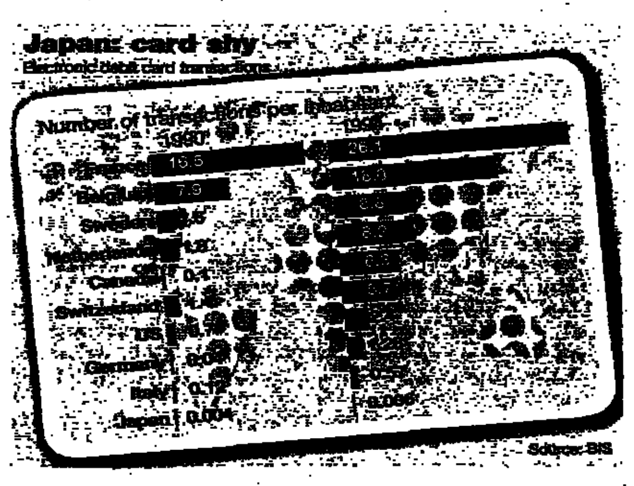
Japan joins race for electronic purse

Japan yesterday belatedly joined the international race for a cashless society, when Nippon Telegraph and Telephone, the telecommunications giant, unveiled what it claims will be a secure yet confidential electronic purse that could be used by any bank account holder.

The electronic money system, developed with the help of a think-tank attached to the Japanese central bank, aims to provide consumers with a "smart" card which would be used to buy goods and services in shops, vending machines or over the Internet and could be topped up by being plugged into a cash dispenser or telephone. In common with some other systems, the Japanese version would also give customers personal digital signatures, to stem fraud.

Smart cards contain computer microchips – rather than the magnetic strip that has become the industry standard – which enable them to be used not only to carry out financial transactions but also to store data.

The NTT card is similar to other electronic purses, such as the one being tested by Mondex, a UK-led global consortium of 17 banks, which has run a trial of its card in in Britain, for more than a year.



The market for electronic purses is being contested by global credit and charge card organisations Visa, MasterCard and Europay, which are all holding trials of their own cards.

What NTT claims is unique about its plan is that it envisages the establishment of a digital central bank, which would issue electronic cash on the cards to customers in co-operation with the retail banks where they hold accounts. The aim, said Mr Hiroshi Yasuda, an NTT executive, is to enable participating banks to issue compatible electronic purses, thus avoiding the competition over technical standards which has dogged other systems.

Mondex, for example, does not comply with technical standards for chip cards set by Europay, MasterCard and Visa. Some critics of Mondex say it will falter internationally because of this non-compliance. However, Mondex says standards are important only in that card-users and retailers do not want to have multiple point-of-sale terminals to accept the cards.

Understandably, NTT wishes to retain technical mastery of the system, which is why it has applied for a Japanese patent for the computer software that would enable the digital central bank and private sector banks to operate together.

Electronic purses operators across the world say that it will take at least a decade for consumers to make the switch in large numbers. The change is likely to take longer in Japan, where consumers and companies favour paper money.

Most small and medium-sized companies still pay suppliers in paper, delivered in person. Banks refuse to set up standing orders. Cash is instead sent by post. Credit and charge cards are not widely accepted. The average citizen's wallet bulges with cash, not cards.

The NTT proposal is the strongest of several rival and incompatible Japanese experiments, carried out by the Ministry of International Trade and Industry and the Ministry of Posts and Telecommunications. NTT will ask the ministries to adopt its system, to pave the way for a single standard cashless nation.

William Dawkins

Manila accord opens way for tax reform

By Edward Luce in Manila

After months of old fashioned horse-trading legislators in the Philippine house of representatives yesterday reached agreement to alter a controversial tax on so-called "sin products" such as beer and cigarettes which had held up the passage of the country's crucial tax reform legislation.

But the compromise, which will allow the Philippine congress to focus on the wider fiscal package, including proposals drastically to simplify the personal and corporate income tax system, is a much-diluted version of the government's original proposal and is unlikely to please fiscal reformers in the administration.

However, the government, which is under strong pressure from the International Monetary Fund and other bodies to push through the tax bill in its entirety this year, is thought to have caved in to the compromise version to speed up the enactment of the broader package.

"We think that congress can now move on to income tax and we expect it will pass the whole bill before the end of the legislative session [in December]," said President Fidel Ramos in an interview with the Financial Times yesterday.

Under the compromise, which it is thought will raise substantially less than the 6bn pesos ($230m) the government had originally targeted, the Philippines will retain the controversial ad valorem tax on the "sin products" alongside the specific excise tax that the government had requested.

The government, which had hoped to scrap ad valorem taxes altogether, argues that leading businesses, including Asia Brewery and Fortune Tobacco, owned by Mr Lucio Tan, the country's foremost Chinese-Filipino businessman, exploited the old system by shifting production costs to "ghost-marketing" companies to avoid the taxes.

Mr Tan, whom the government alleges evaded 25.6bn pesos in taxes in this fashion, lobbied hard to prevent the government's alternative going through congress in its original form.

Mr Tan is unlikely to be displeased with the version of the package passed yesterday, which retains ad valorem for "higher priced" tobacco and beer products in which he has significant interest.

The remaining legislation, which includes proposals to narrow the nine-tier personal income tax system down to three bands, is expected to generate less controversy. However, alternative proposals, including a move to a "Hong Kong-style" flat rate 15 per cent personal income tax system, are likely to spark disagreement.

Earlier this week the IMF and the Asian Development Bank said the tax reform package was vital if the country was to maintain fiscal stability and prevent a return to heavy government borrowing and deficit financing.

The bill is intended to replace dwindling privatisation proceeds with recurring budget revenues.

ASIA-PACIFIC NEWS DIGEST

Jakarta raises reserves ratio

Indonesia's central bank said yesterday it had increased commercial banks' minimum reserve requirement to 5 per cent from 3 per cent to rein in economic growth. It also widened the 5 per cent range within which Indonesia's currency, the rupiah, can rise or fall in foreign exchange trading without triggering intervention to 8 per cent.

"This is a continuation of the cooling down of the economy, because our goals have not yet been achieved," Mr Sudrajat Jiwandono, central bank governor, said after addressing a parliamentary hearing.

The rupiah, the Indonesian currency, had been buffeted by political uncertainty provoked by pro-democracy protesters in July. The stock exchange took a knock too, though the equity market is staging a cautious recovery. The Jakarta Composite Index has dropped by nearly 12 per cent since the beginning of June. *AFP, Jakarta*

Earthquake shakes Tokyo

A strong earthquake shook Tokyo and surrounding areas yesterday, halting transport systems but causing no damage. The tremor was strongest in the northern part of Chiba Prefecture adjoining the capital, site of Tokyo's main international airport. The quake measured 6.6 on the Richter scale. Transport in the central area of Japan was brought to a brief halt not as a precautionary measure. The tremor startled Tokyo residents, many of whom live in fear of the "Big One" – a seemingly overdue killer quake – notably since an earthquake hit the western city of Kobe in January 1995, killing more than 5,500 people. *Reuter, Tokyo*

Former rebel wins election

Mr Nur Misuari, former Moslem rebel leader, was declared winner yesterday of a vote for governor of a Moslem autonomous region in the southern Philippines. His victory comes a week after he signed a peace treaty with the Philippine government, ending a 24-year campaign for a separate Moslem state in the south that left 120,000 dead.

Mr Misuari, chairman of the Moro National Liberation Front, was elected unopposed. The election is the start of a planned three-year reconstruction period for Mindanao, home to 16.8m people including most of the 3.5m Moslem minority. *AFP, Manila*

Jalalabad falls to Taliban

The Kabul government yesterday conceded the fall of the Afghan provincial capital Jalalabad to the Taliban religious militia, but accused Pakistan of direct involvement. "Jalalabad has become the scene of intense fighting between our troops and the Pakistan-backed Taliban militia," Mr Amrullah, a Kabul faction spokesman, said. A strongly worded protest note said Pakistan had hatched a "conspiracy" for their Taliban "puppets" to wage war in Jalalabad. *AFP, Kabul*

US sends stealth fighters to Gulf

By Patti Waldmeir in Washington

The US is to send F-117A "stealth" fighters to the region near Iraq to back up threats of possible retaliation after Iraqi troops fired missiles and artillery at US and allied warplanes over northern and southern Iraq.

US officials were yesterday debating their response to the latest Iraqi action, with White House officials indicating that a retaliatory strike could come sooner rather than later.

"We reserve the right to take action to protect our pilots enforcing the no-fly zones," said Mr Mike McCurry, the White House spokesman, who is travelling with President Bill Clinton on a campaign trip.

But at the Pentagon, military officials said there was still a "menu of options" for reacting to the latest incident, in which Mr Saddam Hussein, the Iraqi leader, made good his threats to shoot at US warplanes. An Iraqi military spokesman in Baghdad said yesterday that defence units in the northern and southern sectors had confronted hostile targets with artillery and missiles and forced them to flee.

US officials said one missile had been fired at a pair of US F-16 fighters patrolling the no-fly zone in northern Iraq, while an Iraqi MiG-25 jet penetrated the southern no-fly zone. Pentagon officials said they saw this as deliberate provocation by the Iraqi regime, and an attempt to test US resolve. It was the first confirmed case of Iraqi fire at US aircraft, after days of similar claims from Baghdad.

The Pentagon said yesterday a pair of B-52 bombers left their base in Guam for the island of Diego Garcia in the Indian Ocean, where Britain has offered to provide base facilities for the planes. Saudi Arabia and Turkey have refused to allow the US to use their bases for air strikes.

Iraq yesterday protested to Mr Boutros Boutros Ghali, UN secretary general, that flights by US-led forces over its territory were an "aggression against Iraq's sovereignty" which contravened the UN charter.

President Clinton is being urged by his advisers to respond forcefully to the latest goading from Baghdad, to quieten widespread criticism of US policy since Mr Saddam intervened in northern Iraq late last month. White House officials said Mr Clinton might decide to increase the stakes by undertaking attacks on strategic targets outside the no-fly zone, possibly in and around the Iraqi capital itself.

US commentators have overwhelmingly concluded that Mr Saddam has paid scant price for regaining control over northern Iraq, suffering what amounts to only symbolic retaliation from Washington.

UN body forced to freeze HQ plans

By Norma Cohen in London

The US has forced a small United Nations agency to freeze plans to build itself a $96m headquarters in Geneva until independent advisers determine whether it is necessary.

The World Intellectual Property Organisation, which co-ordinates international patents, trademarks and copyrights, had planned to construct the building opposite its existing offices.

Mr Daniel Spiegel, US ambassador to the UN, had earlier attacked the plan as "unacceptable and indefensible" at a time of deepening financial crisis for the UN and criticised Wipo for failing to explore other options adequately.

Yesterday Wipo said that its budget and premises committees had agreed to hire outside consultants to examine alternative rental, purchase or construction options in Geneva which would provide the organisation with space to meet its projected growth in staff over the next 10 years. A final decision will be made no later than mid-March next year.

Wipo already occupies a 12-storey building in central Geneva and has recently purchased a four-storey adjacent building. Its staff of 550 is projected to double over the next 10 years.

The new building, which would have had a connecting bridge to the existing headquarters as well as an underground garage, restaurant and conference facilities, was to have been built on land donated by the City of Geneva. However, Wipo would have been obliged to use the services of a general contractor which had donated the land to the city and would not have been able to seek competitive bids.

Mr Spiegel had said that the US interest in Wipo reflected, among other things, the fact that 43 per cent of Wipo revenues came from user fees levied on US companies. Unlike most UN agencies, more than 85 per cent of total revenues comes from companies, not governments.

The US government, the UN's single biggest contributor, has been spearheading a campaign to curb unnecessary UN spending and Mr Spiegel said the construction plans were "a key decision in UN reform".

Wipo is unusual among UN agencies because it has a budget surplus from the estimated 40,000 patent applications it processes each year. The US estimates the surplus at more than $140m.

However, Wipo's charter makes no provision for the agency to rebate its user fees to the UN where they could be used to subsidise such efforts as peacekeeping – an exercise threatened by the lack of funds. "The question of the use of user fees is an appropriate matter for UN members to consider," Mr Spiegel said.

Nuclear test ban treaty ready soon for signature

By Michael Littlejohns at the UN in New York

The nuclear test ban treaty which the UN General Assembly has just endorsed by a huge majority is to be opened for signature within two weeks. However, doubts remained last night about how soon, if ever, it can become law.

India, which blocked the adoption of the pact last month at the Geneva disarmament conference, vowed not to sign and Pakistan said it would follow suit as long as the Indians maintained their weapons programme.

Both states, with Israel, are so-called threshold nuclear powers. Israel was among the 158 countries which voted for the UN resolution on Tuesday. India, Libya and Bhutan cast the only negative votes. Iraq, which has nuclear ambitions, did not take part; nor did North Korea, another state with nuclear potential.

While many world leaders, led by President Bill Clinton, hailed the General Assembly's intervention to rescue the treaty after the Geneva stalemate, the pact may not become an internationally binding instrument for years unless India relents.

All 44 states known to possess nuclear reactors must sign and ratify the treaty before it comes into force. Mr Clinton is expected to sign when he visits the UN on September 24 to address the new session of the General Assembly. Britain, France, Russia and China, the other acknowledged nuclear powers, have also pledged to sign. All four encouraged the unprecedented initiative, led by Australia, to bring the pact before the General Assembly to redress failure by disarmament negotiators.

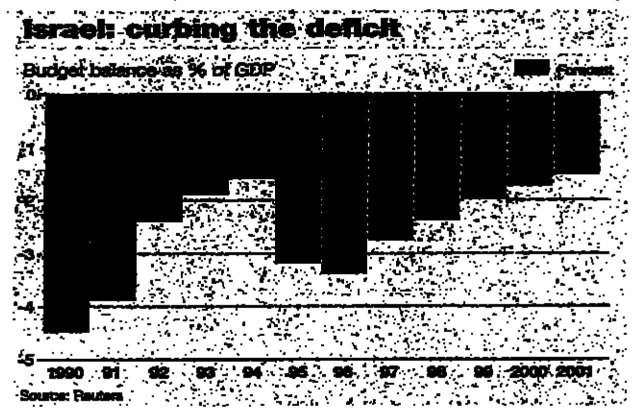
According to legal experts, signatures even without ratifications are enough to give the pact authority. Ms Madeleine Albright, the US delegate, said the action "reduces the danger of nuclear war and moves us towards the day when nuclear weapons will be nothing but a memory."

Experts say information gathered from over 2,000 nuclear explosions since 1945 has enabled computer technology to simulate testing.

Editorial Comment, Page 13

IMF calls on Israel to implement fiscal policy

By Avi Machlis in Jerusalem



The International Monetary Fund yesterday urged Israel to curb spending and implement its policies to remedy severe imbalances in its fiscal accounts.

In a preliminary report, submitted to the finance ministry and central bank in advance of a detailed report expected in two months, an IMF delegation said Israel's expansionary fiscal policies since 1994 "strained the economy's resources. . . by boosting consumption rather than investment".

This caused a ballooning current account deficit, deteriorating from $2.5bn in 1994 to $4.1bn in 1995, and rising inflation, expected to exceed the 1996 target of 8-10 per cent.

"The Israeli economy is at a pivotal juncture in the rapid, long-term expansion initiated by the large inflow of immigrants in the early 1990s and sustained by the peace process since then," said the report.

The Fund urged Mr Benjamin Netanyahu's government to implement its policies of fiscal consolidation, disinflation and structural reform. Although these policies were risky, said the IMF, they might repair some damage of recent years.

Mending the ills of Israel's economy is high on the government's agenda. In July, it approved a Shk4.9bn ($1.6bn) cut from the 1997 budget, which must be passed by parliament by the end of 1996.

The report said Israel should accelerate cuts already approved by the Knesset. It also recommended incentives for meeting fiscal targets, by setting aside "a percentage of planned current expenditures in a special reserve fund that would only be released once the government reported to the Knesset at midyear that the fiscal accounts remained on track".

Fiscal imbalances are "at the core of the current strains," said the IMF, urging Israel not to overshoot its 1997 deficit target of 2.8 per cent of gross domestic product and to set medium-term deficit targets which are "more ambitious" than the 1.5 per cent of GDP it plans to reach by 2001.

The Fund also called for increased structural reforms, including a revival of Israel's stalled privatisation programme, as Mr Netanyahu has promised.

The IMF praised Israel's success in absorbing about 700,000 immigrants from the former Soviet Union since 1989 while lowering unemployment. It also backed the Bank of Israel's tight monetary policy. The central bank's key lending rate in September stands at 15.8 per cent.

INTERNATIONAL NEWS DIGEST

SA mining strike averted

South African gold and coal miners yesterday agreed on pay rises of up to 13 per cent – averting the prospect of a damaging strike. Most miners will receive increases of 8 to 10 per cent, although the rises vary from 5 per cent to 13 per cent depending on conditions at individual mines.

The powerful 350,000-strong National Union of Mineworkers said the agreement would also help kill off outdated mining practices from the apartheid era.

The union had been pushing for an average 25 per cent wage increase. But Mr Ikaneng Matlala, chief negotiator, said the NUM had accepted less after the Chamber of Mines made concessions in restructuring miners' provident funds and on training. Mr Thomas Ketsise, an NUM official, said the agreement would gradually establish parity between white and black workers on training, retirement and death benefits.

Companies signing up to the wage deal represent the core of South Africa's mining establishment. The companies include Anglo American, Gencor, Gold Fields of South Africa, JCI, Randgold and Exploration, and Anglovaal.

Reuter, Johannesburg

Nigeria delegation agrees deal

A delegation of Commonwealth officials said yesterday it had reached broad agreement with Nigeria's military government on sending a ministerial team to discuss alleged human rights abuses and lack of democracy.

A proposed visit to Nigeria was called off last month when Abuja restricted the access of the Commonwealth ministers to government officials. The Commonwealth said that was unacceptable and its team wanted to meet people outside government, including the opposition and political detainees.

No new date was set for the visit and the delegation did not reveal the terms of the agreement. But there were signs that the Commonwealth had softened its line over Nigeria's suspension, which was provoked last November by Nigeria's execution of Ken Saro-Wiwa and eight other Ogoni activists.

Foreign Staff, London

European Union officials say financial retaliation would be likely from some states

Britain warned on dropping cattle cull

By Caroline Southey in Brussels, Alison Maitland and James Blitz in London

A UK government decision to abandon plans for a selective slaughter of cattle would infuriate European Union leaders and could provoke calls from some member states for financial retaliation against the UK, EU officials said yesterday.

Farmers in Northern Ireland threatened their own regional cull if the UK government drops its plan to slaughter about 125,000 cattle across the UK.

The cabinet will today consider dropping the cull – which is central to a lifting of the EU export ban – or scaling it back to about 44,000. The latter would be in line with a new analysis of the disease by Oxford University scientists suggesting a smaller cull would be equally effective in speeding bovine spongiform encephalopathy's decline.

Other EU states are expected to argue that Britain should slaughter more, not fewer cattle, given evidence the disease can be transmitted from cows to calves.

Mr John Major, the British prime minister, said the UK would consult its EU partners at next week's agriculture council.

"There is no pre-ordained outcome," he said. "What we are doing is considering it and we will no doubt wish to consult with the EU and then we will make a final decision."

The slaughter is part of a complex deal struck with EU heads of government in Florence in June to end a four-month stand-off between the UK and its EU partners.

An EU diplomat said abandoning the cull "would make EU leaders feel ridiculous ... At Britain's insistence they set aside all other issues and took two days to put together a deal. And overnight Britain decides to abandon it."

Another official said: "This would damage the credibility of the UK government and weaken their bargaining power in the EU."

One official warned EU countries could refuse to finance the separate, ongoing destruction of all UK cattle aged over 30 months. The EU is expected to pay Ecu370m ($470m) this year to cover 70 per cent of the cost.

The Ulster Farmers Union said it would press for a go-it-alone slaughter policy, if necessary funded by the industry. Exports accounted for more than half of Northern Ireland's £400m ($624m) beef production before the EU ban in March.

"We can't continue not exporting," said Mr Wesley Aston, director of commodities. "The beef industry will just collapse and the effect on the Northern Ireland economy will be catastrophic."

The National Farmers Union in Scotland, where prime beef exports account for 20 per cent of output of £500m a year, said it would also explore a regional cull. Mr Sandy Mole, president, said Mr Major "cannot with honour walk away from the deal he has done" at Florence.

Mr Ian Gardiner, policy director of the National Farmers Union of England and Wales, backed a reduced cull, targeted on the last-born calves of cows that have developed the disease.

Unions agree minimum wage in bitter debate

By Robert Taylor, Employment Editor

Trades Union Congress conference delegates voted overwhelmingly for the introduction of a £4.26 ($6.64) an hour national minimum wage or half male median earnings within the first year of an incoming Labour government after a bitter debate that will add further strain to the opposition Labour party's relations with the trade unions.

Some union leaders warned the issue could threaten Labour's general election prospects.

However, the conference also supported a TUC general council statement saying it would be better to determine the precise position on a low-pay target when the real negotiations were about to start after a Labour election victory.

Mr John Edmonds, the GMB union general secretary, asked why delegates were "parading" their divisions when they should be celebrating their unity at getting agreement on the principle. Mr Tony Blair, the Labour leader, has made it clear many times he will not set a minimum wage figure until after the election and only after an independent low-pay commission of trade union and employer representatives and academics comes up with a proposed figure.

Mr Edmonds said if delegates backed £4.26 an hour, "not only will we damage our chances of getting a decent minimum wage, we might even damage the Labour party's chances in the general election".

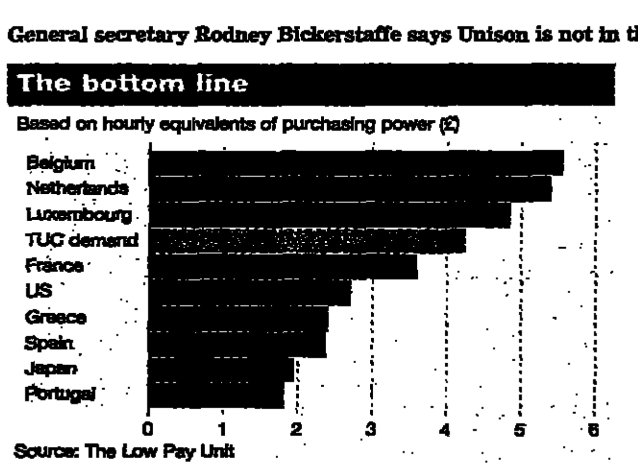
"Surely nobody believes we should run that risk for the sake of putting a few extra lines in the TUC report or giving a bit of publicity to Arthur Scargill's new and very exclusive political part", he said to some vocal opposition.

To a furious reaction from some delegates, Mr Edmonds attacked Unison, Britain's biggest union that wants a £4.26 target figure for accepting a £3.82 minimum rate for its members in this year's local government pay deal.

Mr Rodney Bickerstaffe, Unison general secretary said: "It is time to name the rate. We are not in the pockets of the Labour party. A decent minimum wage of £4.26 an hour is the defining issue of trade unionism. We are not asking for favours but fairness. I don't need lectures from Johnny come latelies to this issue," he added in a swipe at Mr Edmonds.

Dan Chung

General secretary Rodney Bickerstaffe says Unison is not in the pocket of the Labour party



Source: The Low Pay Unit

Mr Arthur Scargill, president of the National Union of Mineworkers and leader of the newly formed Socialist Labour party, won loud applause when he said he was "sick and tired of Labour leaders telling us not to rock the boat and then interfering in our affairs".

Mr John Monks, the TUC's general secretary stressed the need for unity. "I don't want Congress to get into an auction about who can produce the biggest claim," he told delegates. "Our test will be the settlement not the claim – not convincing ourselves but convincing others".

He accepted delegates were going to pass contradictory motions. "The heart of our position at the end of the debate will be the general council statement," he said. "No final decision on the TUC bid will be made until we are clear on the timetable for low pay. We are not trying to impose a figure on the Labour party."

Mr David Willetts, the paymaster-general, said on a visit to Blackpool that a minimum wage of over £4 an hour could cost up to a million jobs.

Editorial Comment, Page 13

Hanson arm sets up works council

By Robert Taylor

A subsidiary of Hanson, the conglomerate, has set up a works council for its employees, including those in the UK, in the same week that Lord Hanson denounced European Union social legislation.

He said it flew in the face of the UK's achievements on unemployment and productivity and would destroy the country's ability to create jobs.

Mr Bill Furr, chairman of Hanson Brick, yesterday signed the agreement with trade union officials from the UK, Belgium, Holland, France and Germany in Brussels.

The company said there was no corporate line at Hanson about the wisdom of creating works councils. The company's quarry stone subsidiary Arc is also negotiating a consultation committee for its workers.

The EU law applies to all companies employing more than 1,000 workers with more than 150 in at least two member states.

The legislation does not legally cover the UK, because Mr John Major, the prime minister, obtained an opt-out from the social chapter of the Maastricht treaty. But an estimated 27 UK-owned companies have introduced consultative and information works councils for their UK workers as well as employees in mainland Europe.

The decision by a subsidiary of Hanson, a substantial donor to the Conservative party, to sign such an agreement reflects the fact that an increasing number of British employers are ignoring the opt-out and introducing works councils voluntarily.

After September 22 such bodies will be imposed on companies by law in all EU countries except the UK.

"Works councils are now an established form of industrial relations," said Mr Allan Black, the GMB union's national officer for construction. "The UK government can barely continue with their opt-out when Tory flagships such as Hanson are signing Euro-deals with the GMB."

"The deal is a form of quality assurance," said Mr Bryn Croft, the company's marketing manager. "Communication with our employees is vital. We have nothing to hide and everybody should be aware of our objectives."

Accountancy objectives 'must be clear'

Dennis Beresford, chairman of the standards board, outlines his solution

The heated debate in the UK about the Accounting Standards Board's draft statement of principles will sound familiar to many in the US who recall the debate which took place in the 1970s over the proposed conceptual framework put forward by the US accounting regulator – the Financial Accounting Standards Board.

At that time I was one of the critics. My partners and I at Ernst & Whinney were seriously concerned about the implications of what was the first big effort to establish such a framework. We did everything we could to express our alarm. A similar reaction in the UK has resulted in the ASB's decision to rewrite its version – although it stands by the principles upon which it is founded.

With the benefit of hindsight, it is clear to me that our concerns in the 1970's were overstated. But they did draw wider attention to what had been an esoteric debate, and they showed the board that it needed to do a much better job of communication.

A conceptual framework is needed. It helps ensure that individual accounting standards will be reasonably consistent with one another. Thus, the US board's framework has been described as a sort of constitution for accounting.

At its heart must be a statement of the underlying purpose of financial statements. The US board believes that this should be to "provide information that is useful to present and potential investors and creditors and other users in making rational investment, credit, and similar decisions". The ASB has proposed essentially the same objectives – as have our counterparts in Australia, Canada, and the International Accounting Standards Committee. Others disagree: some believe that financial reporting should serve as a basis for taxation, for example. Without agreement on objectives no real progress on harmonisation of standards will ever be possible.

Also important are the definitions of accounting terms such as assets and liabilities. Common terminology is critical for there to be an informed debate.

In our framework, and the ASB's draft principles, assets and liabilities are intended to represent real economic things that are expected to result in future cash flows based on events that have already occurred. Some critics believe this results in an over emphasis on the balance sheet. But what these definitions really do is add discipline to accounts.

The US board believes that accounting should reflect real economic occurrences and not be obscured by artificially spreading gains and losses over time. Having said that, however, even the definitions provide only general guidelines. Each case needs to be considered on its merits.

Concepts, or principles, are not binding rules. They are broad guidelines that help resolve issues but they don't do so directly. The US board made it clear early on that the framework was primarily for its own benefit in deliberating future standards, and I believe the ASB has done so now as well.

As a final point, concepts do not answer all accounting questions. In developing our framework we chose not to (or were not able to) fully resolve certain large issues such as how to measure assets and liabilities, and adopted a "mixed attribute" approach that allows continuation of historical cost, market value, lower of cost or market, and other measurement methods. We consider both the reliability and the relevance of different measurement approaches in deciding what to specify in given cases.

In other words, the framework is just that – a framework. We usually start looking at issues from a conceptual viewpoint, but we always temper the theory with practical considerations – such as cost-benefit issues.

Contrary to my concerns in the 1970s, the accounting world did not end as a result of the conceptual framework. Neither will it end in the UK. But the ASB's statement of principles is extremely important because having a framework will be essential to the ASB if it is to participate effectively in international discussions with those that already have frameworks.

The ASB's statement of principles is similar to those frameworks in all important respects, and because those frameworks have worked well, so should the ASB's. Thus, the ASB's statement of principles deserves the highest level of consideration within the financial community.

Wage inflation subdued as unemployment falls

By Graham Bowley, Economics Staff

Unemployment in the UK fell last month to the lowest level for five and a half years, but wage inflation in some areas of the jobs market was the weakest for almost three decades.

The buoyant picture which emerged yesterday will boost the government's hopes of fighting the next election amid strong economic growth and rising employment.

The signs of subdued inflation, especially in manufacturing, will be welcome news for Mr Kenneth Clarke, the chancellor of the exchequer who, economists suspect, may yet push for another interest rate cut ahead of the election expected next spring, in spite of warnings by the Bank of England that rates may have to rise.

The Office for National Statistics said the number of people out of work and claiming benefit fell by 15,600 last month to 2,110,400, the lowest level since March 1991. The unemployment rate fell to 7.5 per cent from 7.6 per cent.

The drop, the sixth consecutive monthly decline, confirmed that unemployment has now resumed its downward trend after rises last winter when manufacturing went into recession.

However, the opposition Labour party attacked the figures. Mr Ian McCartney, Labour's employment spokesman, said they bore no resemblance to the true number of people out of work.

Mr John Monks, Trades Union Congress general secretary, said the fall would be unsustainable unless the government increased investment to create more jobs.

Some economists also raised fears that the decline in unemployment may simply reflect fewer people claiming benefit rather than more people finding jobs. Official survey-based measures of joblessness showed unemployment was still rising earlier this year.

However, the ONS said the number of people employed rose 90,000 in the second quarter, the biggest rise for almost two years.

Almost all the rise was due to new jobs in the services sector, while manufacturing employment fell in the second quarter.

However, the latest monthly figures showed manufacturing may have begun to recover in the third quarter with employment in July growing at the fastest rate since last October.

UK NEWS DIGEST

Overseas banks hit at 'red tape'

Non-UK banks based in London believe they are being discriminated against in the reporting requirements used for government statistics, according to research carried out for the Foreign Banks and Securities Houses Association.

The association, which represents about 180 non-UK financial institutions, also argues in an unpublished report that all UK-based banks face a far heavier burden of filling out forms for statistics than the government admits. A survey conducted by the group found that non-UK banks are spending about £3m ($4.68m) a year to fill in government forms.

The findings are embarrassing for the government, which has insisted in recent years that it is reducing the burden of form filling for business as part of its broader campaign to slash "red tape". *Gillian Tett*

■ INWARD INVESTMENT

Cummins in $70m expansion

Cummins Engine of the US is investing $70m in its plant in Daventry, Northamptonshire, to build it up as the centre of its global business in making large engines for use in power generation. A further $30m is being spent at the factory by Wartsila, a large Finnish engine maker with which Cummins started a worldwide joint venture last year. Output from the Daventry plant, worth $300m last year, is set roughly to double by the end of the century on the back of strong projected demand for large engines used in generating power in both the developing world and industrialised countries.

The investment comes as Cummins is starting another UK-based joint venture, with Fiat of Italy, in developing a new range of smaller diesel engines for use in trucks, buses and tractors. This venture, announced in July, is being based in a new $100m engineering centre in the Midlands. *Peter Marsh*

■ ENGINEERING

Expert training imported

Eight senior engineers – including six from three Japanese motor companies – are set to arrive in Britain as part of a unique programme to raise standards in the UK's car parts industry.

The international engineers are expected to begin work within the next two months to kick-start a £4m ($6.24m) initiative aimed at helping smaller companies in the £15bn components sector.

Honda, Nissan and Toyota are each planning to provide two engineers to pool manufacturing expertise alongside engineers from Volkswagen and General Motors. The team will then work with 10 UK suppliers in a pilot test for the programme which aims to raise standards of quality, cost and delivery.

Studies by Andersen Consulting have indicated that the quality of UK suppliers is on average 100 times worse than the best plants in Japan – measured by product defect rates. The international engineers will be based in the UK for around 18 months while they train a full-time staff of up to 30 British engineers.

Richard Wolffe, Birmingham

■ SHIPPING

Cunard pledges big refund

Cunard, the loss-making cruise line, yesterday promised refunds and compensation to 7,300 passengers booked on a vessel which it has decided to sell. The company – acquired earlier this year by Kvaerner, the Norwegian engineering and shipbuilding group – said it was selling the 950-berth Cunard Countess for $23m (£14.7m) to the Awani Cruise Line, part of Indonesia's Modern Group.

It is the second time this year that Cunard has had to offer compensation on its cruise operations. More than 550 passengers travelling on the Royal Viking Sun in April were reimbursed or offered other cruises after the vessel struck a coral reef in the Red Sea. *Tim Burt*

■ LLOYD'S

55% Canadian Names refuse offer

Less than 2,000 "refusenik" Lloyd's of London Names worldwide had failed to accept the insurance market's £3.2bn ($4.99bn) settlement offer by yesterday's noon deadline. However Lloyd's still faces outposts of resistance – particularly in Canada.

Acceptances were received from 94.3 per cent of the 34,000 Names – individuals whose assets have traditionally supported Lloyds – who have borne losses of more than £8bn in recent years. Mr Philip Holden, head of Lloyd's financial recovery department, is writing to rebels today warning that Lloyd's "is committed to recovering all outstanding amounts due".

Some 97.3 per cent of UK Names accepted. But support in Canada was much lower only 55 per cent of the country's 571 Names accepting. Many Canadian Names believe they were victims of fraud and are taking legal action against banks which paid funds on their behalf to Lloyd's and are seeking to reclaim the sums owing. Canadian Names were given extra time to apply for help protecting homes and incomes. But Ms Jacqueline Levin of the Association of Canadian Names, said: "It is not a situation that calls for charity. It calls for justice."

Among US Names, acceptances reached 77.1 per cent. Yesterday a US appeal court threw out an attempt to reopen a case which had threatened to derail Lloyd's recovery plan at the last moment. *Ralph Atkins*

■ CURRENCY MARKET

Star performers spotlighted

Deutsche Morgan Grenfell's corporate foreign exchange unit has proved to be the star performer in the global currency markets, according to a recent survey of multinational corporate treasurers.

DMG, the UK-based investment banking group owned by Deutsche Bank of Germany, is ranked fourth overall in Corporate Finance magazine's 1996 survey of 200 multinational corporations, in both total annual turnover and prefered bank by corporate treasurers.

Perennial forex giant Citibank remains top of market share and turnover with an annual total of $311.17bn. It is followed by HSBC-Midland with $250.87bn, Chase Manhattan with $308bn and DMG with $220.48.

DMG's corporate foreign exchange rise has been rapid. Last year DMG was not included in the survey's top 10 banks. In a similar survey by Euromoney magazine this year, DMG moved up from 22nd place to ninth. A survey of bank's currency derivatives dealing saw it shoot up from 150th overall to fifth. *Richard Adams*

■ SEMICONDUCTORS

Hyundai postpones new plant

Hyundai, the South Korean industrial group, yesterday said it had postponed a decision to build a $1.5bn semiconductor plant in the UK because of the sharp decline in global prices for memory chips. Hyundai Electronics had been expected to decide by this month where to build its first European chip plant. Dunfermline, Fife, in Scotland is regarded as the most likely site for the facility, although Ireland has also been considered.

John Burton, Seoul

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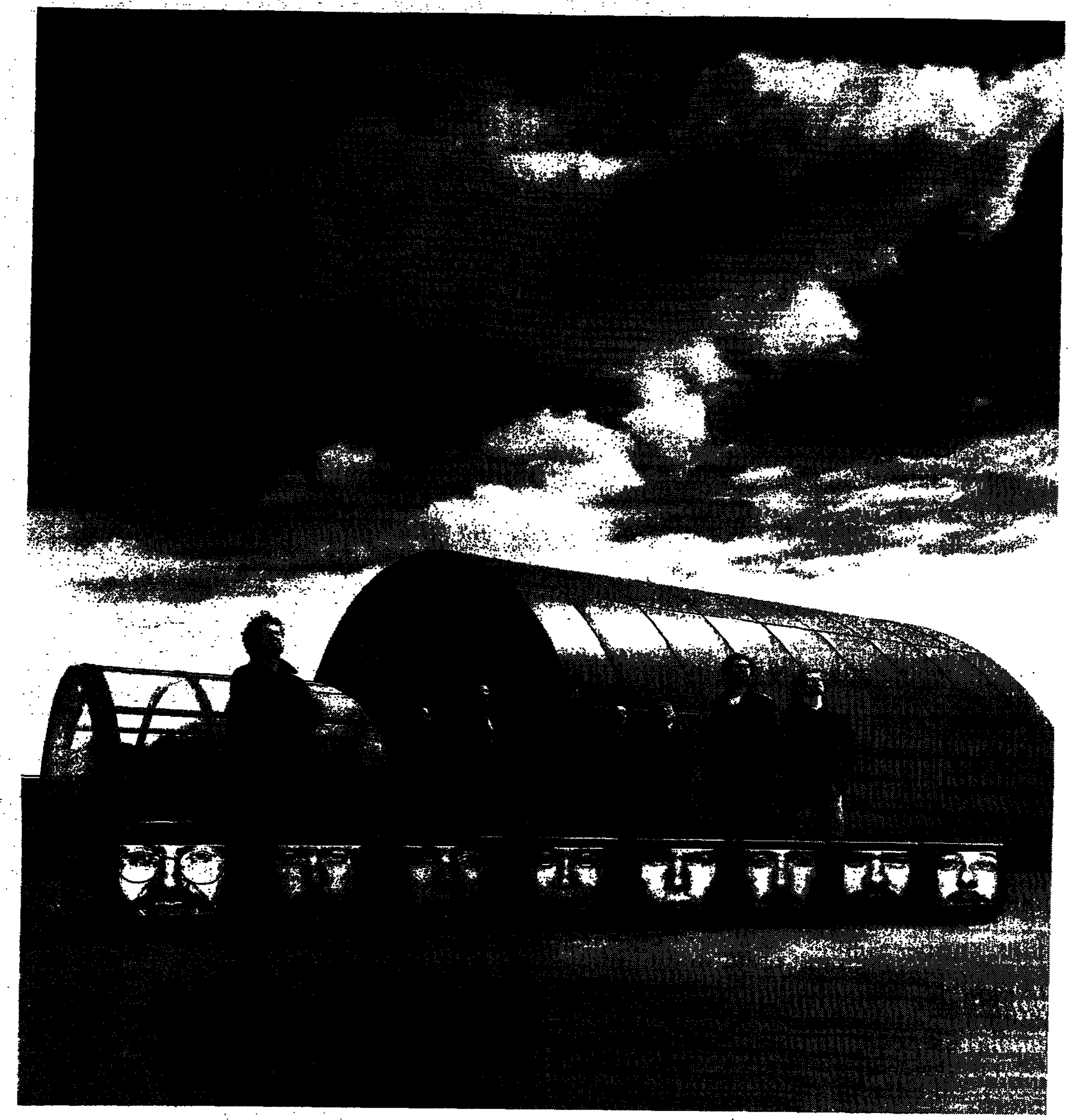

Worth Watching · Vanessa Houlder

Robots to resurface roads

Robots have myriad new roles, from cleaning aircraft to delivering samples in a hospital. The latest is resurfacing roads.

A European group of researchers, funded by the EU's Esprit programme, has developed a navigational system that can guide a robot to within 2cm. The robot uses a global positioning system to fix its rough position and then aligns itself precisely using a laser scanner to pick up signals from reflective beacons placed around the work area. UK Robotics, which designed the navigation system, says it can be adapted for cleaning and security patrols in factories, warehouses and car parks.

UK Robotics: tel (0)161 8763200; fax (0)161 8763201.

German solution to darken glass

Sunglasses which darken in response to light have been around for years but it has been more difficult to achieve at a reasonable price the same effect on large areas of glass.

German scientists are in the final stages of developing a system based on thin layers of chemicals within laminated glass panes.

The researchers which include the Fraunhofer Institute for Solar Energy systems, BASF, the chemical company, and Sto, a producer of facade systems, believe that their system is relevant for energy-efficient buildings which have large areas of highly-insulated glazing that tend to overheat in summer.

The system uses "thermotropic" chemicals, which become opaque when the temperature rises above a certain level.

Its suitability would be limited to greenhouses or windows where a clear view is not needed. For other types of glass, such as windscreens, the scientists are investigating "electrochromic" chemicals such as tungsten oxide, which change colour when an electric voltage is applied.

Fraunhofer Institute for Solar Energy Systems: Germany, tel 7614588149; fax 7614588132.

Technology to track containers

A Cambridge-based software company is using pattern-recognition technology based on neural networks to identify and track containers and drums at ports and depots.

Conventional character-recognition technology often fails in these tasks because the codes on containers are dirty, obscured or displayed in poor lighting conditions.

The Container Tracking and Identification System, which has been developed by Cambridge Neurodynamics, uses neural networks that can be taught to recognise patterns. As they train on a large number of sample characters, they can usually cope with poorly defined characters. The system has achieved success rates of over 90 per cent in trials at UK ports.

Cambridge Neurodynamics: UK, tel (0)1223 421107; fax (0)1223 421096.

A cheaper way to break down waste

There is nothing new about using bacteria to break down waste. But scientists are seeking to make bioremediation less expensive, so that it can compete with landfill sites.

The Centre for Applied Microbiology and Research at Porton in Wiltshire believes it could cut the costs of treating contaminated land with a method that stimulates naturally-occuring bacterial populations to break down chemicals. It has formed a joint venture with Geobac Technology of New Brunswick in Canada and Hadley Landsave in Reading.

CAMR: UK, tel (0)1980 612100; fax (0)1980 611096.

Design system takes wing

A tool that creates geometrical plans in minutes is attracting manufacturers, says Diane Palframan

The software's first application for the aerospace industry was to lay out passenger aircraft interiors

Technology that could reduce the development time for an aircraft by at least 20 per cent is being assessed by aerospace groups around the world. The companies hoping to cut one, or perhaps many, years from design schedules include British Aerospace (BAe), Airbus Industrie and Indonesia's Industri Pesawat Terbang Nusantara (IPTN).

The technology is a "knowledge-based" engineering system called Icad, developed by Concentra, a US software company. It allows companies to capture on computer the knowledge of their designers and engineers, as well as relevant legislation, safety criteria, materials performance, best manufacturing practices, costings and other rules.

Once the knowledge base is established, the aircraft specifications are entered into the system and a geometrical design is created automatically in minutes. Many combinations of specifications can be tried, before the final geometry is passed to a traditional computer aided design (Cad) system for detailing.

Using Icad as the main aircraft development tool should make it possible to complete the conceptual design in about half the time, employ half the number of engineers and test twice as many options, says Jeff Jupp, director of engineering at BAe Airbus.

Although the rules must be entered into the system first, in BAe's experience the process takes only weeks.

Given the benefits involved, it is curious that Icad, which has been available for a decade, is not more widely used and that Concentra's annual turnover is not more than $28m (£17m). The company says Icad was initially seen as a tool for the specialist rather than the mainstream designer. But the software has progressed from the barest of tool kits targeted at a broad range of industries to an easy-to-use product focused on aerospace and automotive design.

Meanwhile, desktop computers have become capable of handling the large amounts of data needed in a knowledge-based engineering system while maintaining their responsiveness.

The first application for the aerospace industry – laying out passenger aircraft interiors – was launched at the Farnborough Air Show last week. As the system has improved, its two main markets have become increasingly competitive. Aircraft and automotive manufacturers are now willing to consider a tool that might cut costs, save time and improve quality on a large scale.

IPTN, Indonesia's state-owned aircraft manufacturer, has already invested more than $600,000 in an Icad pilot project, which started last month. If the project meets the company's tough goals in the next few months, spending on Icad will be increased in the coming years to millions of dollars.

The project will measure the time and number of people required for the design and manufacture of the wing box of IPTN's twin turboprop, the N250, launched last year. These figures will be compared with the results achieved using the company's traditional Cad system, Catia.

A minimum 45 per cent saving in designers' time is expected from the use of Icad on this project, according to Mochtar Sharief, IPTN's vice-president of Cad-Cam. "We have seen Icad work successfully in other companies, including Boeing. We are now trying to prove it works in ours."

Concentra and six aerospace consultants are working with IPTN to build the knowledge base and develop the applications that will be used on the company's development of a regional jet, the N2130. Preliminary design work for the $2bn project is expected to start next March and the first flight is scheduled for 2002. To meet such a tight timetable, while containing costs and maintaining quality, IPTN plans to integrate and simplify design and manufacture.

Icad is one element of this plan. IPTN is also moving to concurrent engineering – having multiple disciplines working together and in parallel on a project as far as possible. Using this new approach, along with Icad and other new software, the N2130 is expected to take two years less to develop than the N250, a smaller programme.

Airbus Industrie is looking for similar cost and time savings for its new projects, one of which will be to develop possibly the largest ever passenger aircraft, the A3XX.

"We have been introducing concurrent engineering and, so far, we have achieved 20-30 per cent reductions in time and costs on some of the improvements we have been making to the existing Airbus family," says Jupp.

But the time has come, he adds, to consider the technology that will support concurrent engineering and lead to even greater benefits. As a first step, the Airbus partners – BAe, Aerospatiale of France, Daimler-Benz Aerospace of Germany and CASA of Spain – have agreed to use a common Cad system, Cadds 5 from Computervision. Now they are looking at knowledge-based systems and where in the development process they are likely to add greatest value.

From BAe's pilot work with such systems, Icad in particular, the company has found that the biggest advantages lie in using them for the development of large aircraft sub-assemblies, such as the forward fuselage or the undercarriage.

"In the conceptual stage, costs are not so high and there is more time available," explains Jupp. In the development of the forward fuselage, however, BAe has already shown that Icad can create the geometry in five to 10 minutes (once the knowledge base is set up) compared with weeks on a traditional Cad system.

Greater storage for CDs

A new technology which could be commercialised in three years is set to boost the storage capacity of compact discs (CDs) or CD-Roms by 1,000 times.

Digital and analog information – words, music and pictures – would no longer be limited to the surface of a CD. Instead, they would be stored on hundreds of layers within it. The new CDs would use photons instead of electrons to acquire, transmit, store and process data.

Researchers at the State University of New York in Buffalo (UB) impregnate cheap, clear plastics with UB-developed, light-sensitive dyes that can be turned on or off by an infra-red laser beam.

In this process, called "two-photon absorption", a molecule pumped with light of sufficiently high intensity absorbs two photons of light. The new dyes developed at UB exhibit strong absorption.

"The presence of the dye enables the polymer to strongly absorb infra-red laser light due to the two-photon absorption, and this absorption can be confined to a very precise area by tightly focusing the laser beam," says Jayant Bhawalkar, of the UB Photonics Research Laboratory.

The absorbed light causes a tiny point of the dyed polymer to change properties, such as its colour or fluorescence.

In an example of one mechanism for doing this, the spot where absorption occurs gets bleached, that is, the fluorescence is removed. This is the "writing" process. The bleached spots then become the data that can be "read" by an infra-red beam. This mechanism results in a "write once/read many times" operation. Other mechanisms can produce many reversible "read/write" operations.

The technology permits digital-data storage and analog-image storage, enabling large quantities of pictures, photographs and other visual information to be collected.

Tom Mead

Cinema/Martin Hoyle

Austen from over the ocean

The fact that the director of the latest Jane Austen screen adaptation is American may sound warning bells for some. Personally I have a weakness for Hollywood Austen: there was more of Jane in the Greer Garson-Laurence Olivier *Pride and Prejudice*, for all its Quality Street sets and mimsy mid-Atlanticisms, than in many a worthy British plod –

EMMA
Douglas McGrath

A TIME TO KILL
Joel Schumacher

L'AMORE MOLESTO
Mario Martone

LE MEPRIS
Jean-Luc Godard

including the overpraised *Persuasion* which carefully planted the odd beggar in the street (social background by numbers); and the monotonously simpering *Pride and Prejudice* with its Gold Blend commercial emotional weight. Besides, since modern-day Britain is short on detached irony and actresses who sound upper-middle class, both vital requisites, it seems only fair to see how foreigners can do.

In the case of Douglas McGrath, remarkably well. In his directorial debut the author of Woody Allen's *Bullets over Broadway* has perfectly caught the reticent lethality of the Austen tone; more important, he has found cinematic equivalents. Thus when Emma with false modesty declines an invitation to play the piano, and it is murmured that another female guest should be prevailed on, the next shot shows Emma promptly and firmly seated at the keyboard. There are countless small touches of unshowy Austenesque comment, well on the tolerant side of mockery. Perhaps the thoughtless snubbing of garrulous Miss Bates is underlined too emphatically; but it gets a funny and touching reaction from Sophie Thompson.

Indeed, this is an actor's film, even more than the designer's or cameraman's, handsome though it is (rather overwhelmingly so in the case of Emma's Palladian pile). In the title role the American Gwyneth Paltrow produces a perfect English accent, more convincing in social overtones than the usual crop of "classless" British actors complacently dropping their glottal stops over our slovenly subsidised stages. She obviously enjoys the style – possibly too obviously: at moments she seems to usurp the narrator's ironic tone; but this is a beautiful portrayal of well-meaning bossiness mellowing into that good-hearted maturity that awaits all Austen heroines after sharp lessons. I can imagine few young English actresses rivalling it. Perhaps our classics need an outsider's eye to appreciate them.

*

If Hollywood can manufacture classy "English" leading ladies to perfection, it has slightly more trouble with men. The much-heralded hot male property, Matthew McConaughey, proves a perfectly-honed, tooled, chiselled Paul Newman-clone, though it must be said he looks as if he may act in time. He is one of the ingredients that at first glance write "success" large and clear over *A Time to Kill*. The Deep South, a lone idealist fighting ugly prejudice – this is Harper Lee country. Lovable reprobates with their hearts in the right place. No, that is nearer Beverley Hills. A dishonest climax that gets no closer to intellect or conscience than the tear-ducts: hell, that's studio front office.

Based on a story by best-selling John Grisham, the movie should have everything going for it. A poor black kills the rednecks who raped and beat his ten-year-old daughter. A broke young lawyer (white) takes on his case in the face of threats, violence, marital pressure, and nervous stress on his dog. Director Joel Schumacher has a way with a rattling yarn (as when young Jake's game rich-girl assistant breaks into a mental hospital to rifle tell-tale files), and an eerie gift for nocturnal sub-cultures (as witness his *Batman* work), normality turning into nightmare (the Ku Klux Klan scenes).

But we are saddled with Donald Sutherland as a once great lawyer who has turned to drink, a character that amounts to nothing; and the young attorney's wife, a non-part that goes through baffling motions less logical than the dog's. And the courtroom climax is a cop-out: a cheat in that it produces no revelation, nothing new; evasive in that it goes for the emotions rather than the head – and disturbing in that obeying gut-reaction rather than head is exactly what causes lynchings and race riots and Bosnias anyway. The wildly improbable conclusion shows black and white enjoying a picnic, having their cake and eating it.

Sandra Bullock is the classy law-student with liberal passions who helps our hero. Kevin Spacey is actually more charismatic as the nasty prosecutor than the hero is. And plump, curly-haired Oliver Platt as a seedily successful divorce specialist wins the Jack Nicholson *Easy Rider* award for walking away with the film by playing a reprobate.

L'Amore Molesto begins like a Muriel Spark novel. The heroine gets mysterious phone-calls from her unreliable mother, laughing, drunk or hysterical, perhaps frightened. When the older women's body, wearing only a see-through bra, is washed up on the seashore, daughter Delia tries to retrace her mother's last days. The journey takes her back into her own childhood memories and the realisation of delusion sparked off by a sexual trauma. On the way she comes across a lecherous old dandy, his son who despite a half-hearted rape attempt turns out to be nothing more sinister than a debt-ridden lingerie merchant, and the unlovely hurly-burly of a Naples election. The tourist authorities will not approve of this Naples with its squalid streets, peeling stucco and deeply unpleasant – and unpicturesque – people. But Mario Martone is a director to watch.

*

It is a fact not yet universally acknowledged that if Jean-Luc Godard's films were made in English he would have been snapped up by British comedy and *Pierrot le Fou*, for example, would have been called *Carry On, Existentialist*. *Le Mépris* (*Contempt*) plays safe by giving such Godard inanities as have to be delivered in English to a patently mad film producer played by Jack Palance. This evoked dutiful titters from the press audience who had remained solemn through the much more idiotic opening sequence of this badly dated 1963 re-release. A naked woman lies in bed with her husband and asks him inane questions. "Can you see my behind in the mirror? Is it pretty?" He invariably answers in the affirmative. "Do you like my hair?" "Yes, enormously." "Et mon visage?" "Aussi." "All of it?" The barking tartlet and her gormless spouse fall out for most of the film's duration. She despises him, though why it is not reciprocated remains a mystery.

This is a film about filming. Fritz Lang, playing himself, is making a version of the *Odyssey* – from the snatches we see it looks appallingly kitsch. He is also the sage *mitteleuropaische* philosophical bore. The work is worm-holed with self-referential and self-reverential allusions as garnish to the mind-numbing saga of this collection of wafflers. It is a truth not yet universally acknowledged that Jean-Luc Godard is pulling a fast one on French pretentiousness and the gullibility of that sad, solitary minority that finds solace and satisfaction in dark public places: movie-buffs. Eventually Brigitte Bardot (for it is she) and the mad producer are killed in a car-crash but – movie allusion coming up – I couldn't give a damn.

A beautiful portrayal of well-meaning bossiness: Gwyneth Paltrow as Austen's heroine Emma

Music in London

Proms enter the final stretch

The Proms are in their final week and the strain may be beginning to show. Tuesday's early evening concert was delayed for about 25 minutes when some members of the orchestra failed to arrive on time. "Arena to orchestra", called the promenaders with wicked accuracy, "didn't you notice it was a 7pm start?"

The BBC Symphony Orchestra shoulders the main burden of the Proms and manages to keep up a higher average standard of playing than it did ten years ago, despite little lapses like this. The concert got underway with what should have been the second piece. Sarah Chang, now 15, gave a technically authoritative performance of Prokofiev's First Violin Concerto.

Young soloists are too well schooled to allow themselves any indulgences and her cleanly articulated playing fell in neatly with the general style of the BBCSO under Andrew Davis. After the interval his performance of Sibelius's Fifth Symphony was on the same lines: very clear, light, plenty of detail, more the glint of the sun on the ice than brooding Finnish gloom. The symphonic argument was set out with commendable clarity, but little obvious partisanship this way or that.

In between, rather than as the opening item, came the first Proms performance of *The Rose Lake*, Tippett's most recent and probably last major orchestral score. Davis's attention to detail paid off here. The BBC players gave a finely chiselled account of some typically intricate writing – a bar of Tippett still cannot be mistaken for anybody else's, even as the textures thin out drily towards the end. Is this visionary music or simply arid? Difficult to say.

Somehow the Proms' organisers achieved a double quick turn-around after this concert, enabling the late evening event to start almost on time, an all-Bach programme with the Chorus and Orchestra of Collegium Vocale, Ghent, and its director, Philippe Herreweghe. One cantata (No. 105, "Herr, gehe nicht ins Gericht"), one motet ("Der Geist hilft unser Schwachheit auf") and one Mass (the G minor BWV235) gave us a little over an hour's music.

Herreweghe favours a very detached style, as though the performers are picking at each note in turn, which sounds self-conscious. Bach. But it had the virtue of making the part-writing extremely clear in the Royal Albert Hall's resonant acoustic. There was also the pleasure of hearing among the soloists Andreas Scholl, the counter-tenor of the moment, whose easily-produced and lyrical voice is able to project its beauty even in a venue as big as this one.

Richard Fairman

A cool Swede warms up

The season which opened at the Wigmore Hall on Saturday is a special one. It marks the 30th anniversary at the hall of director William Lyne, who has pretty well single-handedly revived the great days of the Wigmore. While the people who run the other national arts centres increasingly find themselves in the spotlight, Lyne has got on with the job of successfully luring back top international singers and chamber groups.

This year's opening night went to Anne Sofie von Otter, the first in an auspicious Song Recital series which lasts through to July 1997. Von Otter's career as a recitalist received a boost a couple of years ago with the success of her disc of Grieg songs and that has encouraged her to risk putting more Scandinavian music into her recital programmes – Saturday's first half included Alfvén and Sibelius as well as Grieg.

Von Otter may have started out as a cool Swede, singing with a clear line, clean vocal production and admirable capacity for understatement (virtues she has held on to) but recently she has discovered how to let herself go too, either because of working in her own language or her collaboration with the accompanist, Bengt Forsberg. Their performances in some of the big Sibelius settings, such as "Under strandens granar", or Grieg's "Ein Traum" were enormously bracing, passion being expressed as uplifting energy.

Unfortunately, Forsberg's lack of inhibition turned into a disadvantage with Schubert as he thumped heavily on the beginning of every phrase in "Totengräbers Heimweh". He also pulled the delightful "An Silvia" this way and that, to a degree that von Otter's natural lightness of touch could not counteract. A re-think is in order before they embark any further down this road.

Her final Strauss group worked far better. Mezzos rarely try these songs, but Von Otter has something of the pure clarity of a soprano, so the romanticism of "Der Rosenband" and the playfulness of "Hat gesagt – bleibt's nicht dabei" (a favourite Schwarzkopf encore, but von Otter manages the humour without the hard-working eyebrows) came across with equal success. Throughout the evening she was in very good voice, with no sign of the passing strain at the top that can sometimes be there. All-round, as a complete artist, Von Otter is probably now at her peak.

R.F.

Musical/Alastair Macaulay

A chorus of approval

Twenty years ago, when the American musical *A Chorus Line* had just opened in London, it was the talk of the town. The show that Michael Bennett had conceived in 1974 and directed and choreographed in New York in 1975 still holds a classic position among all the many backstage dramas and backstage musicals made in the last 70 years, for it anatomises the different ambitions not of those who will make it to stardom (as in more conventional shows), but of those who are simply auditioning to get into the chorus.

Mark Clements, directing this Derby revival to celebrate his theatre's 21st season, has updated the show in a few respects. Too many, however, or too few. The hopefuls now all tell the director that they were born after 1960 or 1970 but, in a show where one girl wants to be "the next Sharon Stone", it scarcely convinces when (a 1975 touch) another of them mentions Maria Tallchief (the great American ballerina who retired in 1965). The discussions of homosexuality and race – inoffensively – have also now begun to date. *A Chorus Line* is, inevitably, becoming a period piece.

Still, it is still fairly modern in its confessional method. Parts of the show are now mere showbiz insincerity, and probably always were beneath their verismo façade; but others still ring true. *A Chorus Line* is, in many small ways, touching. I love the way it shows not just the mutual competitiveness of these hopefuls, but *also* the extraordinarily supportive camaraderie that dancers so often show to each other. The mixture of terror and ambition that almost all of them show is all too convincing.

Marvin Hamlisch's music, too, while almost never distinguished, is harmless showbiz stuff, using failsafe rhythms and tunes that express the mundane traditions of recent decades of showbiz. "What I Did for Love" is, alas, the show's most overrated number: the ultimate luvvies' tearjerker. But, in "One", *A Chorus Line* has the one perfect and transcendent number it needs just where it needs it. For "One" is the big chorus routine itself. And we feel, in this staging, all its multi-layered tension. We see these auditioners still counting their way into the number, we hear them anatomise it ("*step*, ball, change . . . five, six, seven, eight . . . hat-in-hand, shoulder, change . . ."), we witness them subordinating their separate personalities into an ensemble which – so ironically – is celebrating someone else altogether, the star of the show, whom we never see.

There are quite a number of details in which Clements's staging does not quite convince. The cast is actually too varied to be quite convincing. But the show works, and is often engrossing. David James Easter plays Zach, the director, with complete authority; Jon Peterson, though he over-externalises Paul's big confessional, shows a remarkably realistic manner in all his rehearsing; Selina Joscelin, as the rehearsal director Larry, is also its most eye-catching dancer; and Tee Jaye plays Richie so well that I wish his role were twice as large.

At least two steps in Vanessa Whitburn's choreography to "One" are intoxicating (the fouetté reverse into arabesque, and the little back cabriole in the tap routine); and, at the end, the use of mirrors (designs by Martin Johns) and lighting (by Chris Ellis) is thrilling. Suddenly "One" – the number they were rehearsing only minutes ago – has become the stage show itself; suddenly these separate people have become a collective; suddenly the hopefuls are all actuals.

Derby Playhouse, to September 28.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-5730573
● Orchestra of the Eighteenth Century: with conductor Frans Brüggen and violinist Thomas Zehetmair perform works by Haydn, Beethoven and Rameau; 3pm; Sep 14

DANCE
Het Muziektheater Tel: 31-20-5518117
● Het Nationale Ballet: perform George Balanchine's Serenade to music by Tchaikovsky, Christopher d'Amboise's The Language of Letting Go to music by Schubert and Toer van Schayk's Spiegels Bevriezend to music by Hamel; 8.15pm, Sep 22: 1pm; from Sep 13 to Sep 22

EXHIBITION
Van Gogh Museum Tel: 31-20-5705200
● Van Gogh drawings, part I: each summer for the next four years the Van Gogh Museum will publish a volume of the catalogue of its collection of Van Gogh drawings. To mark each publication, a summer exhibition will be held. In the course of this four-year period more than 500 sheets will be displayed. The first exhibition in the series is devoted to the period from 1880 to 1883. The exhibition also pays considerable attention to Van Gogh's drawing techniques; to Sep 15

■ ANTWERP

CONCERT
Festival van Vlaanderen – Antwerpen Tel: 32-3-2208326
● Koninklijk Filharmonisch Orkest van Vlaanderen: with conductor Grant Llewellyn and baritone George Emil Crasnaru perform works by Haydn, Van Landeghem and Brahms at the St Paul's Church. Part of the Festival van Vlaanderen; 8pm; Sep 14

■ BERLIN

CONCERT
Konzerthaus Tel: 49-30-203090
● Michael Hussla: the cellist performs Bach's Suites for Violoncello Solo, BWV 1007-1012; 7.30pm; Sep 13
Philharmonie & Kammermusiksaal Tel: 49-30-2614383
● City of Birmingham Symphony Orchestra: with conductor Sir Simon Rattle perform works by Berlioz, Messiaen and Bruckner; 8pm; Sep 13

OPERA
Deutsche Oper Berlin Tel: 49-30-3438401
● Andrea Chénier: by Giordano. Conducted by Rafael Frühbeck de Burgos and performed by the Deutsche Oper Berlin. Soloists include Elena Filipova, Camille Capasso, Giorgio Merighi and Alexandru Agache; 7.30pm; Sep 14
Staatsoper Unter den Linden Tel: 49-30-20354438
● Der Fliegende Holländer: by Wagner. Conducted by Jun Märkl and performed by the Staatsoper Unter den Linden. Soloists include Gustafsson, Bornemann, Grundheber and Vogel; 7.30pm; Sep 13

■ BONN

THEATRE
Kammerspiele Bad Godesberg Tel: 49-228-82080
● Hamlet: by Shakespeare (in German). Directed by Andras Fricsay Kali Son and performed by the Schauspiel Bonn. The cast includes Andreas Grothgar, Thomas Meinhardt and Sabine Wackernagel; 7.30pm; Sep 14

■ COPENHAGEN

CONCERT
Tivoli Concert Hall Tel: 45-33 15 10 01
● Tivolis Symfoniorkester: with conductor Tamás Vetö, soloists Annisette and Michala Petri and the Tivolis Koncertkor perform works by Koppel; 7.30pm; Sep 13

DANCE
Det Kongelige Teater Tel: 45-33 69 69 69
● Romeo and Juliet: a choreography by Ivo Psota to music by Prokofiev, performed by the Royal Danish Ballet. Soloists include Marie-Pierre Flechais and Mads Blangstrup; 8pm; Sep 13

■ EDINBURGH

EXHIBITION
Royal Museum of Scotland Tel: 44-131-2257534
● Pride and Passion: an exhibition in celebration of the life, times and legacy of Robert Burns, on the occasion of the death of this Scottish poet 200 years ago; to Sep 15

■ HAMBURG

OPERA
Hamburgische Staatsoper Tel: 49-40-351721
● Rigoletto: by Verdi. Conducted by Ono and performed by the Staatsoper Hamburg. Soloists include Kwon, Krogen and Jänicke; 7.30pm; Sep 13

■ HELSINKI

DANCE
Opera House Tel: 358-0-403021
● Don Quixote: a choreography by Patrice Bart after Petipa to music by Minkus, performed by the Finnish National Ballet. Soloists include Francis Guardia, Jonas Lundqvist and Antti Honkanen; 7pm; Sep 13

■ LEIPZIG

OPERA
Oper Leipzig Tel: 49-341-1261261
● Freitag aus Licht: by Stockhausen. Conducted by Karlheinz Stockhausen. Soloists include Angela Tunstall, Nicholas Isherwood, Jürgen Kurth, Suzanne Stephens and Kathinka Pasveer; 7.30pm; Sep 13, 14 (7pm) , 15 (4pm)

■ LONDON

CONCERT
Royal Albert Hall Tel: 44-171-5898212
● Chicago Symphony Orchestra: with conductor Sir Georg Solti, soprano Deborah Voigt, mezzo-soprano Anne Sofie von Otter, tenor Johan Botha, bass René Pape, the BBC Singers and the London Voices perform works by Bruckner and Beethoven. Part of the BBC Henry Wood Promenade Concerts (Proms); 6.45pm; Sep 13

EXHIBITION
British Museum Tel: 44-171-6361555
● 19th-Century French Drawings from the British Museum: in 1965 art dealer César Mange de Hauke bequeathed to the British Museum 16 choice 19th century French drawings from his collection; to Sep 15

■ NEW YORK

EXHIBITION
Guggenheim Museum SoHo Tel: 1-212-423-3840
● Mediascape: the Guggenheim Museum SoHo reopens to the public with this exhibition devoted to multimedia and interactive art. It features 14 works by 10 artists, including Marie-Jo Lafontaine, Bruce Nauman, Nam June Paik and Bill Viola; to Sep 15

■ TOKYO

CONCERT
Suntory Hall Tel: 81-3-35849999
● Yomiuri Nippon Symphony Orchestra: with conductor Tadaaki Otaka and pianist Michie Koyama perform works by Chopin and Beethoven; 7pm; Sep 14

■ VIENNA

OPERA
Wiener Staatsoper Tel: 43-1-514442960
● Peter Grimes: by Britten. Conducted by Simone Young and performed by the Wiener Staatsoper. Soloists include Nancy Gustafson, Jutta Geister and Neil Shicoff; 7.30pm; Sep 14

■ ZURICH

OPERA
Opernhaus Zürich Tel: 41-1-268 6666
● Il Matrimonio Segreto: by Cimarosa. Conducted by Adam Fischer and performed by the Oper Zürich. Soloists include Hartelius, Rey, Scharinger and Davislim; 7.30pm; Sep 13

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European Money Wheel

18.00
Financial Times Business Tonight

Economic Viewpoint · **Samuel Brittan**

Right rate for the franc

What economic and monetary union needs is not 'real convergence' but sensible real exchange rates between members before it comes into force

It is not often that one can offer a definitive solution to a controversy. But an example has arrived. It relates to that hardy topic of European economic and monetary union – and indeed to the familiar Maastricht conditions. The solution to be offered here will not tell anyone whether or not Emu is a good thing, or whether his or her country should join; but the elimination of even one unnecessary argument in this entangled area is surely worth attempting.

It is well known that the Maastricht conditions relate to the convergence of financial variables: inflation rates, interest rates, exchange rates, budget deficits and government debt ratios. None of these conditions mention output, employment, growth or any of the real variables which relate most directly to the welfare and living standards of citizens and nations.

From time to time voices are raised on the left saying that more attention should be given to the convergence of such real variables. But perhaps the most notable advocate of "real convergence" has been Mr Eddie George, the governor of the Bank of England. He has often warned that the lack of such convergence may make the drive to Emu premature and lead to nasty shocks if it is implemented according to timetable.

But despite the appeal of real variables to real people, this approach has always seemed to me misconceived. International trade concerns the mutually profitable exchange of goods and services between countries with very different economic conditions. The UK and India were able to trade profitably in the 19th century, as can developing and advanced countries today. Indeed I stated in evidence to the UK parliament that "areas with very different output levels, growth rates, real wages and unemployment rates have long benefited from trading with each other, both at flexible and fixed exchange rates and within and across national frontiers". The Treasury committee cited these words with some amazement, but did not venture an opinion.

It is, however unwise to regard those who disagree with one as simpletons. The governor and his advisers must have some legitimate point. Apparent argumentative impasses are often about words; and I have at long last realised the verbal point at issue.

When Mr George talks about lack of real convergence at the time of Emu coming into effect, he is actually referring to something different: his fear of what is known in economic circles as disequilibrium real exchange rates. It is important for a monetary union to start off with something approaching equilibrium real exchange rates among those which take part. By this is meant, among other things, an exchange rate which is compatible with the minimum level of unemployment a country can achieve without accelerating inflation.

The expression "equilibrium" is not a happy one as it suggests a degree of precision never likely to be available in political economy. But it is convenient and widely used.

When we move from verbal arguements to real issues, attention quickly focuses on France. The concern is that that country may well need to reduce its average real wage levels to restore employment. It is argued that it will be easier to carry this out with the aid of a franc devaluation than if it has to be done by pressing down on the money wages received by French workers.

The persistence for so long of such an obstinate unemployment problem in France does indeed suggest that real wages there may be too high.

What then is wrong with advocating a franc devaluation as part of a package of remedial measures? It would be like the case Keynes vainly made in 1925 against Britain going back to the 1914 gold parity.

The problem for France today is that whatever may be the case for the franc against the world as a whole, by nearly all fundamental measures it is not overvalued against the D-Mark. All the arguments about real wages being too high for full employment and the convenience of devaluation as an adjustment mechanism can also be made for Germany. Since the last major realignment between the core currencies in 1987 labour costs, taking account of exchange rate movements, have risen substantially in both countries, but more in Germany than in France. The IMF index may exaggerate this effect, but it is there.

The real problem is that the D-Mark itself looks overvalued against the non-European currencies, including the dollar. If the franc is overvalued it is because it has been pulled up by the D-Mark. It is hardly likely that in these circumstances the German government would tolerate a major French unilateral devaluation. It found the much more justifiable Italian and British depreciations hard enough to take. If a future French government were to follow the advice of so many English language financial writers and attempt a unilateral devaluation, the damage would not be limited to Emu. There would be a risk of international currency warfare of a kind not seen since the second world war.

The inference is that it is not France that needs a devaluation against Germany, but that devaluations are needed by both countries together, and therefore by other countries such as Benelux and Austria with currencies also tied to the D-Mark.

Most of the discussion about the future exchange rate policy of Emu has been about the "ins" versus the "outs" of the European Union. The important issue when the euro is brought in will, however, be its exchange rate against the rest of the world. Policy will be made more difficult because national governments and the European central bank will have overlapping responsibilities for external currency policy.

The best outcome would be if the foreign exchange market brought about a further depreciation of the D-Mark, before Emu began. More German interest rate cuts would help, but could not guarantee this result. Otherwise there might indeed be a case for a once-and-for-all devaluation of the euro against the dollar at the start of Emu.

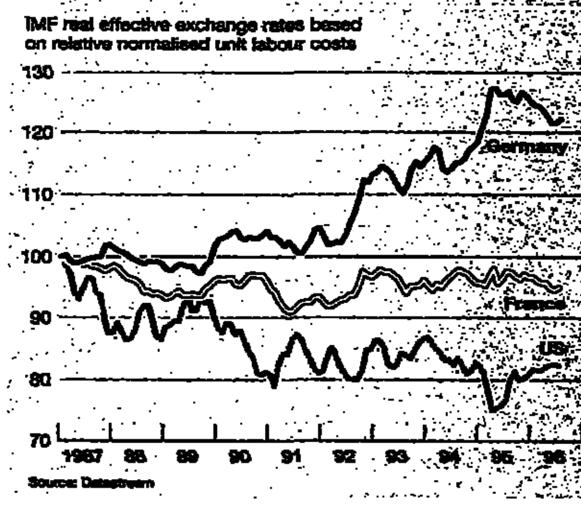
But this could not be a unilateral operation. When we are talking about currencies as large as the euro, the dollar and the yen, we are talking about very big players indeed. It will not be helpful if European leaders want a depreciation of the euro but American leaders oppose an appreciation of the dollar. So without aiming for unrealistic mechanical currency schemes, it will be important for the leaders of the main blocs to talk to each other on currency issues and try to minimise discord.

It is helpful to get currency relations as nearly right as fallible mortals can. In the end, however, the main influence on employment in a large continental area like Europe will not be the exchange rate but the internal cost of employing workers. If we are to provide more jobs in Europe real labour costs will have to be more flexible, which in many cases means they will have to come down.

If European labour markets can be reformed more radically than at the snail's pace now envisaged, Europe can thrive with or without Emu. But if outmoded corporatist practices continue, the employment future will be pretty bleak irrespective of whether it adopts the euro, sticks with national currencies or reverts to the use of cowrie shells instead.

The soaring D-Mark

IMF real effective exchange rates based on relative normalised unit labour costs



Source: Datastream

ONLY THE PARANOID SURVIVE: By Andrew S. Grove
Currency/Doubleday 210pp $27.50

When to listen to the company Cassandras

When companies are facing particularly difficult decisions, says Intel's chief executive Andy Grove, their bosses fling themselves into an orgy of irrelevant activities. Speechmaking, charitable work, education, even bookwriting – all to avoid difficult choices.

Grove admits to having done the same thing in the early 1980s when Intel was agonising over whether to leave its original market, memory chips, or whether to persevere in the face of Japanese competition.

"Frankly, as I look back, I have to wonder if it was an accident that I devoted a significant amount of my time in the years preceding our memory episode, years during which the storm clouds were already evident, to writing a book. And as I write this [new book], I wonder what storm clouds I might be ducking now."

Intel shareholders can relax: it is unlikely that the task of writing this particular work gobbled up much of Grove's intellectual resources. In 150 or so wide-spaced, easy-reading pages, Grove sets out his theory that successful managers must learn to cope with "strategic inflection points", changes in the business environment so overwhelming that they threaten the company's survival.

Examples include the introduction of US regulations for patent medicines in 1906, the break-up of AT&T's US telephone monopoly, the arrival of sound in the movies, the transformation of the computer industry in the late 1980s. All these, he says, are "10X" changes, much bigger than the usual run of business events.

How do you tell when you are at a strategic inflection point? What should you do about it? How can you create a company that is strong enough to survive a succession of such crises? On all these points Grove has interesting things to say.

He suggests three tests for whether a 10X change is under way. Is your key competitor – the one you would aim at if you had only one bullet left – about to change? Is your key "complementor", the company that supplies the most important complementary goods or services, about to change? Most subjectively, "Do people seem to be 'losing it' around you?" Managers who get to the top of an organisation in one climate often cannot cope with a 10X change. "When they don't get it or you don't get it, it may not be because of encroaching age; it may be because the 'it' has changed around you."

To avoid this risk, he says, listen to the Cassandras in the company, the ones who cry woe. Don't argue with them – just listen and sift out the real threats from the imagined ones. Pay special attention to the people in closest contact with the outside world, particularly those on the distant fringes: "Snow melts first at the periphery, because that's where it's most exposed."

Watch for signs of strategic dissonance: when the company is saying one thing about its strategy, but its actions, under the pressure of hundreds of small-scale market-driven changes, say something else. Encourage robust debate. Make sure that people who deliver bad news, or warnings of potential bad news to come, are not punished for it. "Break down the walls between those who possess knowledge power and those who possess organisation power."

Once you think you are in the middle of a big industry change, "let chaos reign" for a while. Allow the company to experiment, to try out new products, delivery mechanisms, customers, technologies. Once you've learnt all you can from the chaos, it is time to display leadership, stop listening to worriers, and issue "exquisitely clear marching orders" to the company.

Grove describes how that moment came for him in 1985. For months, Intel's managers had been debating its future in the memory market without reaching a conclusion. "After this aimless wandering had been going on for almost a year . . . I turned to Gordon [Moore, then Intel's chairman and chief executive] and I asked, 'If we got kicked out and the board brought in a new CEO, what do you think he would do?' Gordon answered without hesitation, 'He would get us out of memories.' I stared at him, numb, then said, 'Why shouldn't you and I walk out the door, come back and do it ourselves?'" A similar moment occurred in 1994 when it became clear Intel was mishandling its response to a flaw in its Pentium chip.

Once such a decision is made, be clear. Don't hedge your bets: plump for a single focused course of action and go for it. "Strategic actions" speak louder to the company than speeches: allocate your time differently, make significant personnel switches, shift R&D budgets around, spread the message to middle managers by endless personal meetings and e-mail conversations.

And that is pretty much it. Oh, one other thing: on most of his tests, says Grove, the explosion of the Internet is not a 10X change for Intel. But, he says, "deep down I think it is". Analysis can only take you so far, obviously: in the end, paranoia still rules.

Only the Paranoid Survive is available from FT Bookshop. FreeCall 0500 418 419 (UK) or +44 181 964 1251 (outside the UK). Free p&p in UK

LETTERS TO THE EDITOR

Predictable research has questionable value

From Lord Haskel.

Sir, In his report from the British Association meeting Clive Cookson reports the concern of Sir Ronald Oxburgh, rector of Imperial College, London, that research funds are given for predictable work, defined in advance "Young Asians set to spurn business", September 10).

On the same page Raymond Snoddy reports that a study by the Henley Centre for Camelot concluded that the National Lottery will create 111,000 jobs. Mr Snoddy tells us in his article (" 'Spin-off' job creation claimed") that the Henley Centre had not considered the wider impact of the National Lottery on employment or the economy because it had not been commissioned to do so!

It is interesting that Sir Ronald's fears were proved correct on the same day and on the same page. Of course Sir Ronald was speaking about public money, and Camelot is a private organisation, but we are asked to apply in the public domain the results of this private research. I join Sir Ronald in questioning the value of research where there is outside pressure on the results.

The only protection the public has from this kind of contrived research is the reputation of the research organisation.

The Henley Centre is a reputable organisation and I am surprised that it undertook a study where the parameters were tightly drawn by the funder so as to give a result that would suit its purpose.

Perhaps studies of this kind should carry a public health warning.

Haskel,
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Swiss, not allies, are to blame over Nazi gold

From Mr Tom Bower.

Sir, Invidious as it is for me to challenge those who rightly criticise the Swiss banks' conduct concerning Nazi gold, your leader "Nazi gold" (September 11) requires correction.

Contrary to your leader, the allied archives on the negotiations leading to the Washington Accord in 1946 reveal that the allied diplomats tried extraordinarily hard to recover more gold from the Swiss but were simply unable to overcome the requirement of proof. The problem was not, as you suggest, "tracing the gold", but proving that the neutrals, all sovereign nations, had accepted the gold knowing it was stolen. The Reichsbank records were incomplete and the archives show that the negotiators found the Swiss denials were largely insurmountable. Blame the Swiss, but not the US negotiators who were astute and tireless.

Faced with the adamant Swiss denial that their central bank had knowingly accepted any looted gold and the American inability to continue to freeze Swiss assets in the US, obtaining any compensation was rightly hailed as a bitter-sweet achievement. The agreement in May 1946, one year after the war, is hardly proof of "haste".

Your leader is wrong to suggest that no other neutral country was held to account. In the Safehaven negotiations which continued until 1958, Sweden, Portugal and Spain all surrendered some of the looted gold and other German assets.

Your leader is also confusing, perhaps disingenuously, when it criticises the allies' "refusal to compensate people whose bullion or jewellery was seized by the Nazis". The allies' policy was to restore identifiable looted property. But how could the allies compensate for unrecorded property which had totally disappeared into Swiss banks? And more importantly, from what funds should the allies have paid that compensation? Even the UK, bankrupted by the war, received a pittance in reparations from Germany while spending £200m (in 1947 prices) after the war to sustain Germany's food supply.

Tuesday's gold story – a tale based on government records freely available for nearly 20 years – disguises the important issue. Namely, that Switzerland still refuses to fulfil its 1946 undertaking to release pre-war Jewish deposits in Switzerland which in 1945 were estimated to be worth $500m.

Tom Bower,
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Funds need adjustment

From Mr Daniel Broby.

Sir, Following the suspension of dealing in the Morgan Grenfell European Growth Trust, Europa Fund and European Capital Growth Fund, Deutsche Bank bought £180m of securities at the value stated immediately prior to those suspensions. This was done to protect investors from possible inflated values in illiquid investments. This action is to be applauded, but it still leaves a number of issues to still be addressed, many of which have been highlighted in your newspaper.

The issue that I have not seen addressed is that of the performance record of these funds. If the net asset value in the past was not as it should have been the benchmark peer group averages that other European fund managers compare themselves with will have also been artificially inflated. If, as is suggested, performance pressures led to this incident in the first place, then it is correct to adjust this bias.

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Emu impact allows all a say

From Mr Nicholas Crosby.

Sir, Mr Osman Streater (Letters, September 6) suggests that some of the 15 industrialists who signed their letter of September 5 on monetary union have no place in the debate since they run accountancy, PR or medical insurance companies which have little direct trade with the continent. This is fallacious.

Emu will have an impact on the domestic economy whether the UK joins Emu or not. The level of inflation, interest rates and inward investment could all be affected. If Emu succeeds and the UK remains outside, the domestic economy could not escape the consequences.

As to more mainstream industrialists who signed the FT letter, it is difficult to see who could carry *more* credibility in the Emu debate than the bosses of so many of the UK's most successful and biggest companies: British Aerospace, BAT, BP, Shell, Glaxo and Unilever.

It would be surprising if the chairman of any UK company that is a real global player would want the government to rule out Emu now or forever. It would be interesting to see if the advocates of closing the UK opt-out can produce one.

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FINANCIAL TIMES
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US vs Japan revisited

After persistent effort, one of the world's leading computer suppliers makes a big breakthrough in the home market of its largest rival by winning a prestige government contract. The rival then enlists powerful political and bureaucratic allies to have the order cancelled or blocked. Quickly, they close ranks in a determined campaign to keep the foreign intruder out.

Sounds familiar? The US has long accused Japan of just this kind of collusive protectionism, often stigmatised as "Japan Inc". The difference is that, this time, the US appears bent on keeping its market closed to a Japanese competitor. The episode has also excited more virulent public jingoism in Washington than Tokyo has ever exhibited over trade policy.

At issue is the decision by a federal atmospheric research agency to order supercomputers from NEC, the first such US government purchase from a Japanese supplier. The award is being challenged by Cray Research of the US, the world leader in this type of machine. Cray alleges that NEC's bid was made at artificially low or "dumped" prices, in violation of US trade laws. NEC denies this. Yesterday, the US International Trade Commission gave the go-ahead for a full dumping investigation.

The record of anti-dumping policy, in Europe as well as in the US, does not inspire great confidence in its impartiality. Not only does the government of one country act as judge and jury in enforcing its own laws and concepts of fair competition on companies from another. But the procedures used can make it easy – sometimes even obligatory – to interpret dumping as covering a wide range of normal commercial practices.

The circumstances of this case suggest that politics is playing an unusually big role. Intensive lobbying by Cray has prompted moves in Congress to block the NEC deal, while the imminence of the presidential election places strong pressure on the administration to placate influential producer interests. In this climate, there is a danger that free trade principles will be sacrificed to short-term expediency and xenophobia.

It is ironic that the NEC affair comes as the Japanese government is yielding to US pressure to procure more products abroad. If Washington is not seen to act fairly in the NEC case, it will undermine its attempts to get Japan and other countries to open their markets wider. It will also cast doubt on the US commitment to multilateral agreements to liberalise public procurement. Most damaging of all, it risks encouraging other countries to erect new barriers to foreign producers.

No more tests

A comprehensive ban on nuclear tests has been a goal of international diplomacy ever since Britain, the US and the Soviet Union agreed to ban tests in the atmosphere, back in 1963. The end of the cold war brought it within reach, and last year, to persuade non-nuclear states to accept the indefinite extension of the non-proliferation treaty (NPT), the nuclear powers had to promise to achieve it by 1996.

Have they kept this promise? Yes, in that on Tuesday night the UN General Assembly adopted the text of a treaty which all of them are pledged to sign. No, in that there is little prospect that that treaty will soon become legally binding. The declared nuclear powers refused to accept an obligation which undeclared or would-be nuclear powers were free to ignore. Therefore they insisted the treaty should enter into force only when ratified by all states which possess nuclear energy, civil or military.

One such state, India, has served notice that it will neither sign nor ratify: "not now, not later," said the Indian negotiator. And Pakistan, a supporter of the treaty, will not sign unless India does too.

So is the treaty void *ab initio*? By no means. Even while not legally binding it is a very serious political commitment. India's position is one of principle: it has not declared an intention to carry out actual tests, and the pressure on it not to do so will be intense.

There is a good chance that the era of nuclear tests is really over. The Australian government, which brought the treaty to the General Assembly after deadlock had been reached in the Geneva Disarmament Conference, deserves much praise. The utility of the UN has been demonstrated at a time when many had begun to doubt it.

And, however tiresome the Indian attitude, the point that India is making is a serious one. Like the NPT, this is an unequal treaty, which has the effect of freezing an imbalance of power. Last month the Canberra Commission, an international body convened (appropriately enough) by Australia's representative at the UN, delivered a report arguing that, now the cold war and the conventional force superiority of the Warsaw Pact have vanished, nuclear weapons can and should be eliminated.

"Nuclear weapons," the report pointed out, "are held by a handful of states which insist that these weapons provide unique security benefits, and yet reserve uniquely to themselves the right to own them. This situation is highly discriminatory and thus unstable; it cannot be sustained." It would be most unwise for the nuclear powers to ignore this warning.

New dither

With a commanding lead in the opinion polls, the UK Labour party can afford a few gaffes, but not at the rate it has been making them recently.

Some of its troubles may be put down to summer fever. But there are signs that Mr Tony Blair, the Labour leader, for all his skill in imposing party discipline, has been less sure of late in his grip over the substance of policy.

He has seemed too often to turn, like a weathercock, in any direction which may blow him advantage. Some of the grumbling within his party reflects these sudden shifts, particularly as New Labour is engineered to make all its components turn in unison.

The public hand-wringing from Ms Clare Short after she was demoted in a shadow cabinet reshuffle in part reflected this. More seriously, it is one of the concerns underlying the complaints of Mr John Prescott, the deputy leader, about being deprived of policy papers and the pace of change.

Against this smoke of mutiny, Labour's absurd gyrations around its plans for a Scottish assembly and this week's disarray at the Trades Union Congress's annual conference, take on a serious hue.

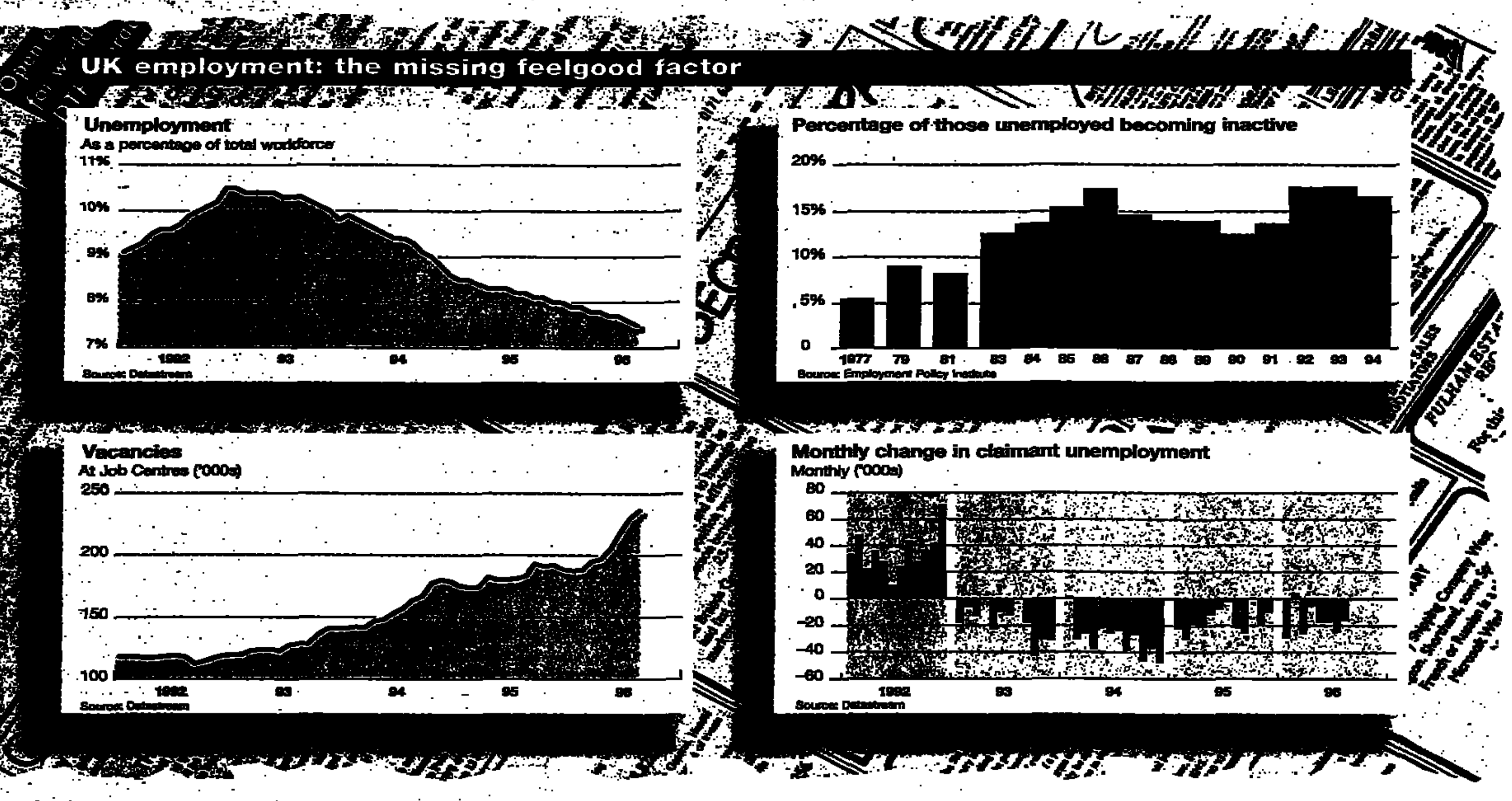
Since both were about matters of substance, Labour's confusion will add credence to the claim of its critics that it has been so absorbed with marketing a brand image that it has neglected to think carefully about what was to be put inside the wrappers.

On the question of a Scottish assembly, the party has failed to confront adequately a dilemma at the very centre of its proposals, namely that real power must inevitably be linked to the raising of unpopular taxes. This need for a "tartan tax" was brilliantly exploited by the Tories. It threw Labour into convulsions which resulted in farcical reversals in its policy for conducting a referendum.

This week's confusion was about Labour's attitude to trade unions, and particularly to the difficult question of how to treat workers in public sector monopolies. After Mr David Blunkett, the party's employment spokesman, set out a policy which could have been penned by any moderate Conservative (disapproving of strikes and emphasising arbitration), the party machine went into a flurry of activity, adjusting, trimming and re-interpreting, so as not to offend its TUC hosts too much.

The details are less important than what they say about New Labour's ability to make intelligent decisions. Its message so far has proved popular because of its sugared blandness. In office Labour would need to provide sharp and unambiguous answers to difficult questions.

Take two: how to set up a Scottish parliament or deal with a postal strike.



Age of the worried worker

Robert Chote and Gillian Tett explain why insecurity afflicts the UK labour market despite the continuing fall in unemployment

Mr John Cooper has reason to feel pleased. As director of government employment services in Bristol in the west of England, he has helped cut unemployment in his area by a third in the past four years. "This is real progress," he says, as he explains how his job centres are taking a more "pro-active" approach to matching the unemployed with jobs.

But in the nearby city centre, Mr Gareth Jones can barely conceal his frustration. As a partner at Roche, a catering employment agency, Mr Jones has a rising number of vacancies. But he cannot find workers willing to accept the low-paid work on offer.

"The only time we ever get a good reply to our advertisements is for managerial jobs," he says. "There are a lot of 50-year-old people who have been made redundant who are interested – but most of them we can't use because they haven't the right training or attitude."

These experiences suggest the government's claims to have transformed a previously rigid labour market to the benefit of employers and individuals alike – making it easier to match people with jobs – need to be treated with circumspection. It is certainly impressive that the number of people without work and claiming benefits started falling four years earlier in this recovery than in the last one in the 1980s, although the decline has only been half as fast.

But given the continuing fall in the headline jobless figures, it is difficult to explain why so many people still feel insecure about their position in the jobs market. This sense of insecurity promises to be a potent political issue in the run-up to the general election, and the political parties are likely to swap claim and counter-claim about the government's jobs record as polling day approaches. Unfortunately, it is more true of the labour market than of any other aspect of economic performance that you can prove almost anything you want with the figures.

Two immediate problems arise. First, there is more evidence of job creation in surveys of individuals than in surveys of companies. Second, determining what has happened to the labour market during the "recovery" depends on when the recovery is assumed to have started: it could be when output began rising or when unemployment began falling.

These problems are important when dealing with one of the first questions people ask when trying to explain the persistence of insecurity: is the fall in unemployment being mirrored by a pick-up in job creation?

The Labour Force Survey, for which the Office for National Statistics quizzes 60,000 people each quarter, shows the number of people claiming to be out of work, available and looking for work dropped by about 665,000 in the three years after the peak in joblessness in December 1992. Employment, meanwhile, rose by 724,000 but this had to absorb an increase in working age population of 252,000.

This means 193,000 people dropped out of the workforce during that period, becoming "economically inactive". Inactivity has fallen by 38,000 among women – suggesting that more are taking or seeking paid work. But inactivity has risen by 231,000 among men – many of whom may have taken early retirement after redundancy.

Mr John Rolley, a former local council official in London, for example, stopped working several years ago in his 40s – and says his frustration with the current work climate means that he has no intention of returning. "I think there are a lot of people out there like me," he says.

This trend left the Bank of England concluding in its latest quarterly Inflation Report: "Almost the entire net improvement in unemployment performance in the 1990s compared with the 1980s was accounted for by the rise in inactivity."

But the phenomenon is unlikely to explain why insecurity has flared up as an issue only in the past few years. As the Employment Policy Institute argues, the rise in male inactivity was as much a phenomenon of the 1980s as of the "nervous nineties". The chances that a man would have dropped out of the workforce a year after he became unemployed was a mere 5.4 per cent in 1977. By 1986 it had risen to 17.2 per cent. But since then it has barely changed.

Similarly, the rate of hiring and firing has picked up since the 1970s, but there is no real evidence that it is any higher now than it was in the 1980s. The same is true of job tenure: the median period for which someone had been in their current job fell from six years and one month in 1975 to five years and five months in 1984, although since then there has been little decline.

In some companies workers may have been frightened into clinging on to their jobs for longer. Mr Ian Beveridge, head of human resources at Bristol & West Building Society says the average length of employee service at his group is now higher than it was four years ago. "Given the general levels of confidence, people are not tending to move as much as they used to," he says.

But this still does not explain why people feel so nervous about their position in the labour market. One possibility may be that people are wary of the sort of jobs which they think will be available if they lose their current posts.

The government has long faced accusations that the new employment opportunities have been predominantly temporary, part time, insecure and low paid – "McJobs" for "burger-flippers". Denying this claim, Mr William Waldegrave, the chief secretary to the Treasury, claims that most newly created jobs have been full time. This is true – but, as the Employment Policy Institute points out, only because he looked back to autumn 1993 rather than the previous winter when the labour market recovery got under way.

This allowed him to ignore the period when the creation of part-time jobs was at its height: of the 724,000 jobs created in the three years after joblessness peaked, two-thirds were part time. And of the full-time jobs created, three-quarters were on temporary contracts.

But temporary jobs are not always poorly paid or low status: Bristol & West, for example, is increasingly using temporary contracts even in highly skilled areas.

Neither do temporary contracts necessarily stay that way. Swallowfield, a Somerset-based aerosol filling company, has raised its workforce from 620 to 750 in the past two years. As Mr Colin Graves, its finance director says: "We tend to take people on temporary contracts for a while, and then make some permanent."

Nevertheless, Ms Rachel Jones, head of Bristol's government group that researches employment issues, has found that open-ended contracts have become much rarer. "Employers can't look ahead for five years and know the type of labour force they will want."

Trends in pay may be another reason for insecurity. Mr Mike Armitage, managing director of European Colour, a Stockport pigments company, is typical of many bosses in having introduced productivity related pay.

Productivity rose in his company – and his workers became the best paid in the area. "It has worked very well for us," he argues.

But in less successful businesses linking pay to productivity can fuel insecurity by leaving people unsure how much money they will be taking home and uncertain what financial commitments they can afford to take on.

Meanwhile, the preponderance of temporary jobs can weaken employee bargaining power – particularly for those trying to rejoin the labour market. The Employment Policy Institute calculates that the earnings available from low-paid "entry jobs" – those people take when they are moving from unemployment benefits into work – may be falling both in real terms and relative to rates of pay in other jobs.

This stops some people from entering the labour market at all. As Mr Jones says: "Some people who come to see me don't want to take a catering job because they think it riskier than being on benefits."

People may also feel insecure because they fear they will be less able to rely on their spouse or partner to make up lost family earnings if they become unemployed. Mr Paul Gregg and Mr Jonathan Wadsworth, at the London School of Economics, believe the distribution of work has become increasingly polarised: most newly created jobs in the 1980s went to households where someone already had a job, but the number of households where no-one works continued rising into the 1990s.

At 7.5 per cent, the unemployment rate is now at its lowest for more than five years, following yesterday's 15,600 fall in the headline figure. But both main political parties know that insecurity will remain an electorally sensitive issue even if the headline unemployment figures continue dropping month by month.

OBSERVER

No gain but lots of pain

■ [illegible] auditors of KHD [illegible] the German [illegible] group that [illegible] in May [illegible] losses of DM1.06bn [illegible] Cologne-based group. [illegible] KHD [illegible] Last year C&L [illegible] a tidy DM494,000 on their annual audit. Earlier this year, they invoiced KHD for DM650,000 because of – as [illegible] "extra checks". [illegible] called in again for another audit. This time they invoiced for DM950,000.

And when the time came to vote to change the auditors, the shareholders were outgunned by the banks now running KHD: 84.7 per cent voted to keep them on.

Sleeping dogs

■ The casualty list is mounting in the protracted battle to privatise Creditanstalt, Austria's best known bank. Some big names – including Credit Suisse's Rainer Gut – have dropped out after they upset the Austrians.

Other less well-known Austrian banks – including First Austrian, Austria's oldest savings bank – have also retired hurt. First Austrian wanted to merge with Creditanstalt, which would have given the privatisation some sorely needed strategic logic.

This is First Austrian's second failure to find a mate in less than three years, tarnishing the reputations of Herbert Schimetschek, chairman of First Austrian's supervisory board, and Konrad Fuchs, chief executive.

The real casualty is perhaps Andreas Treichl, one of Austrian banking's rising stars. Treichl, who learnt his banking with Chase Manhattan, only joined the First Austrian management board in October 1994.

At the time it looked an odd move: a hot-shot international banker, Treichl joined an outfit with a reputation for being a relatively sleepy savings bank.

But Treichl is well connected in Austria's conservative People's party, which regards Creditanstalt as its flagship bank. And he's the son of Heinrich Treichl, who ran Creditanstalt for more than a decade and boosted the career of Guido Schmidt-Chiari, Creditanstalt's current chief executive.

Schmidt-Chiari, who will be 64 on Friday, will probably retire in 1998. Treichl had been marked as an ideal replacement – if the First Austrian deal had come off. It's not too late, even now.

Out with the old

■ New money in, old money out. The next reshuffle of the Mib30 – the index of Italy's most heavily traded stocks – will see the unceremonious ejection of Ifi and Ifil, the two holding companies through which the Agnelli family controls Fiat, the automotive and industrial group.

From September 25 these venerable names make way for young upstarts like Mediaset and Mediolanum – respectively the media group and the insurer founded by Silvio Berlusconi, the former Italian premier, and floated this year.

Mere trading liquidity and market capitalisation – the criteria for selection of the Mib30 – are not everything, however, as Gabriele Galateri di Genola, chief executive of both Ifi and Ifil, argued yesterday.

Putting on a brave face, he pointed out that the Turin-based holding companies were among "the few to have consistently paid dividends over the last 20 years" – throwing down a gauntlet to the Milan market's nouveaux riches.

Song and dance

■ Will it be over before the fat man sings? Some organisers for Hong Kong's 1997 handover celebrations are having trouble lining up star attractions.

The cost of magician David Copperfield's disappearing acts – reportedly more than HK$7m – seem to rule him out. And Raymond Wu, a member of the Beijing-appointed committee overseeing the transfer of authority, says Luciano Pavarotti is even pricier.

Not to worry. Yo Yo Ma, the American-Chinese cellist, is eager to play, and Wu promises fireworks and Cantonese pop music. His group – separate from the government's celebrations team – now wants to book some sopranos.

If the fat man can't sing, maybe the ladies can oblige.

Financial Times

100 years ago

New Orleans Bank Failures
The Bank of Commerce failed this morning. This is the fourth bank which has failed here within the past few days, and as a result the City is almost panic-stricken. There is evidence that dishonesty on the part of the officers is the cause of the failure of two of the banks. The Associated Banks have decided to pay no depositor over a hundred dollars daily, in order to guard against any possible runs. The other banks which have failed are the Mutual National, the Union National, and the American National. (Dalziel.)

50 years ago

Bristles Licence
Another step in the process towards eventual decontrol of the bristle trade is believed to be the Board of Trade's permission for the free issue of bristles under a general licence. Chungking and Tientsin bristles are excepted and for these the licence hitherto used must be obtained.

General expectation among dealers is that control of bristles will have been removed by 1st January next. Unless merchants are given at least three months prior to that date in which to arrange for importation a shortage and upheaval in prices is forseen.

FINANCIAL TIMES
Thursday September 12 1996

Fed sees no clear sign of worsening inflation

By Robert Chote in London

Upward pressure on wages is becoming more widespread in the US, but there is no clear evidence yet of a strengthening in price inflation, the Federal Reserve said yesterday in its latest round-up of regional economic conditions.

The message from the Fed's keenly awaited Beige Book report was less alarmist than some Wall Street analysts had feared. Treasury bond prices recovered a little of their earlier losses after the report's release.

The stock market also took the report in good heart. By mid-afternoon, the Dow Jones Industrial average was trading almost 26 points higher at 5,753.

Notwithstanding the markets' sanguine reaction, the Fed is still expected by many analysts to raise short-term interest rates when the Federal Open Market Committee meets on September 24. But members of the policymaking group differ in their assessment of the risks of inflation.

The summary of the Beige Book, which contains anecdotal evidence of business conditions from the 12 Fed districts, said the economy continued to expand moderately in August. It suggests the economy has maintained much of the momentum it enjoyed in the second quarter of the year.

Only the San Francisco Fed reported that inflationary pressures in its district were intensifying, but none said that pressure on prices showed signs of easing. Few, if any, districts reported big price increases since the last comparable survey at the end of July.

"Wage gains have tended to outstrip price increases, however," the Beige Book argued. Upward pressure on wages seemed strongest in the Richmond and San Francisco Fed districts, but many regions reported wage increases for the sorts of jobs in which people enter the labour market.

Many districts reported "pockets" of labour market tightness, with a few concluding that the scarcity of workers was broadly based.

The Fed said that manufacturing activity was "either expanding or holding steady at a high level" in most districts and that building activity remained strong in most areas. Back-to-school sales in the shops were said to be meeting or exceeding expectations, but conditions in agriculture varied widely, the report said.

Mr Robert Reich, the labour secretary, said that wages were turning upwards and that there was evidence of some tightening in the labour market. But in a speech to academics he argued that the US could sustain lower unemployment rates than it used to without pushing inflation higher.

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World stocks, Page 34

Standards fixed for Europe telecoms market

By Neil Buckley in Brussels

The European Commission yesterday set out guidelines on the minimum standards that fixed telephone operators must provide after the EU's telecommunications market is fully opened to competition in 1998.

It said a basic fixed telephone line with directories, a directory enquiry service and public payphones should be available to every European Union citizen at "affordable prices" after January 1 1998.

Telephone operators that do not provide those services to all consumers will have to pay into a national "universal service fund" in each member state. The fund will be used to compensate operators providing a universal service and thereby incurring the higher costs involved in serving sparsely populated areas.

The Commission's draft directive is the last important piece of the legislative jigsaw to regulate the EU telecoms market after it is liberalised. The directive must now be debated by the European parliament and member states' telecoms ministers, who may make changes.

From 1998, all newly installed fixed telephone networks will have to be capable of data transmission at at least 14,400 bits a second – in other words, able to carry advanced information services such as the Internet.

The Commission also proposed that operators should provide itemised bills, tone dialling – which allows phones to be used for services such as home banking – and selective call barring, which allows customers to block outgoing calls to certain numbers or classes of number.

But the Commission decided that mobile phone operators, would not be subject to the same requirements. A Commission official said that could hamper investment in a sector that was just getting off the ground in some member states. The situation would be reviewed by the end of 1999.

Officials said the standards were essential to protect consumers as large telephone monopolies in many EU states were broken down.

Telecoms companies with "significant market power", including at least a 25 per cent share of the market, would be obliged to offer extra facilities, such as identification of the number of incoming calls, and access to special networks.

Telecoms companies said they were broadly happy with the proposals, which officials said had been drafted to avoid placing undue extra financial burdens on operators.

Nordbanken shares worth $744m sold back to bank

By Hugh Carnegy in Stockholm

Sweden's Social Democratic government yesterday launched a novel form of privatisation when it agreed to sell a SKr5bn ($744m) tranche of its majority shareholding in Nordbanken back to the bank.

The deal, which will significantly enhance Nordbanken's earnings per share and return on capital, was greeted with enthusiasm by investors. The bank's shares leapt almost 10 per cent, rising SKr13 on the day to close at SKr149.

The finance ministry said the agreement, which it claimed was the first of its kind, was "advantageous for everyone".

Private shareholders in Nordbanken, first floated on the Stockholm stock exchange last year, can choose to cash in on the sale or retain shares and gain from the increase in their value. Nordbanken, facing flat loan demand in Sweden, will dispose of excess capital and increase its earnings performance.

The government will sell more of its shareholding, which could fall from 65.5 per cent to 58 per cent. It will see increased value for its remaining stake, which it intends eventually to sell in full. "Its a real win-win. There can be no opposition when a government does a secondary privatisation and the price of the shares goes up," an official said.

The deal involves an offer to Nordbanken shareholders to sell at a 3 per cent discount to a price based on share values between September 23 and October 11, within a pre-set range of SKr130 to SKr155. But most private shareholders are expected to retain their holdings, leaving most of the sale to the government, which has pledged to take up the whole offering if available.

A redemption of own-shares is not possible for most Swedish corporations under existing legislation, but there is an exception for banks.

Nordbanken was taken over by the state during the loan-loss crisis in 1992 and was the main recipient of SKr65bn used to keep the banking system afloat. Cleared of SKr60bn in bad assets and merged with Gota Bank, it has returned to strong profitability. Last year, the government raised SKr6.7bn in a public offering for 34.5 per cent of the bank.

The finance ministry said it had not decided when or how to sell the remaining state holding, but it is expected to be done through at least two more public offerings.

Nordbanken said the share buy-back would increase return on capital from 27.6 per cent in the first half to 35.5 per cent. Earnings per share of SKr12.45 in the first half, would rise by up to 15 per cent, depending on the amount of shares redeemed.

World stocks, Page 34

Deutsche Bank set for third bailout

Continued from Page 1

Deutsche of this new life raft depends on the outflow of investors, which has been slowing, but Deutsche has in principle committed itself to redeeming the entire £1bn still invested in the three funds.

The new rescue operation further adds to the cost of the affair to Deutsche Bank, which has injected £180m into the funds, promised compensation to investors, and conceded damage to its reputation. Deutsche Bank secretly injected £93m into the three funds, and later a further £87m, after discovering that Mr Peter Young, manager of European Growth Trust, had been investing in a web of fabricated Luxembourg holding companies.

Deutsche Bank yesterday faced another potential bill after Mr Christen Sveaas, a Norwegian investor, threatened to sue if the group did not mount a takeover bid for a software company called Sysdeco.

After unravelling the web of holding companies set up by Mr Young, Deutsche Bank discovered it owns 51 per cent of Sysdeco, which obliges it under Norwegian takeover regulations to make a bid for the shares it does not own. Deutsche Bank is understood to be seeking legal advice to avoid making a bid, which the rules say would have to take place at four times the current price.

THE LEX COLUMN

Extracting Valeo

Who would benefit from a "French solution" to the future of car part maker Valeo? Certainly not Mr Carlo De Benedetti. To maximise the value of his 28 per cent stake, he should sell it to a large US automotive components group. Such a link-up would have powerful industrial logic. The snag is that Valeo's big French customers, led by Peugeot, have threatened to withdraw their business if the company passes outside French hands. This is perverse. Valeo itself has nothing to gain from this patriotic stance, which is stopping it from participating in the industry's consolidation. An alliance with a competitor could greatly enhance its ability to offer fully integrated systems to carmakers. And although it is understandable that French car manufacturers are reluctant to see Valeo snapped up by a rival's subsidiary – such as Delphi, part of General Motors – there is no logic to their objecting to an independent US buyer. In fact, they have every interest in their suppliers enjoying economies of scale.

It must be tempting for Mr De Benedetti to call the customers' bluff, especially since a French buyer such as Compagnie Générale d'Industrie et de Participations is unlikely to offer a sparkling price. Valeo has no obvious place in CGIP's ragbag of industrial holdings. And CGIP has no reason to pay a premium for control – the shares currently have privileged voting rights – unless it can ultimately sell to an industrial buyer for whom control has value.


FT-SE Eurotrack 200:
1733.9 (-2.3)

Reuters

Reuters' special dividend shares, unveiled yesterday, are an ingenious tax wheeze. Instead of paying investors a single bumper dividend, Reuters will be giving them new shares entitling them to a stream of special dividends. The big advantage is that the new shares will be tradeable on the stock market. This could allow valuable tax credits, which come with dividend payments, to be acquired by those that can make most use of them – namely tax-exempt investors like pension funds.

Each of Reuters' special shares will be worth about 680p on a net present value basis to a taxpaying shareholder. But for a tax-exempt investor, who can reclaim advance corporation tax paid on the dividends, the net present value is about 850p – a difference of 170p.

Clearly, it will make sense for tax-exempt shareholders to buy special dividend shares from taxpaying ones. Both will benefit; the only loser will be the public purse.

That, of course, could raise eyebrows at the Inland Revenue. It seems pretty clear that existing shareholders will qualify for the tax credits. But what about investors who buy the special dividend shares in the market? The Revenue will not say and tax lawyers are unsure. Despite the uncertainty, it is likely some tax-exempt shareholders will plunge into the market – after all, the Revenue has not cracked down on the recent rash of special dividends and share buy-backs. If Reuters gets away with it, other companies are sure to follow.

Kingfisher

Having helped put Kingfisher in a deep hole two years ago, Sir Geoffrey Mulcahy has now successfully pulled it out. A 43 per cent rise in earnings per share, record profits in all divisions except Comet, and market share gains across the group are evidence that the retailer is on the mend. But it would be premature to declare a clean bill of health. There is a catch-up element, especially from B&Q and Woolworths, which will not easily be repeated. And favourable market conditions probably contributed as much as managerial magic.

With the group's operational failings largely addressed, the issue now is whether a strategy is in place that will produce a superior earnings performance. The market has its doubts; the shares are trading at a 10 per cent discount to the sector. In Kingfisher's favour, market research suggests all its main markets will handsomely outstretch average retail growth up to the turn of the century. Better management, more focused strategies and increased operational efficiencies should also allow continued profits growth in the short term. Given recent experiences, it is probably wise for Sir Geoffrey to eschew ambitious strategies and to concentrate on making existing businesses perform better. But it seems unlikely the current disparate group of companies, even operating at full potential, will take Kingfisher into the first division.

National Grid

Do not pay too much attention to the Grid's huffing and puffing. True, the regulator's operating and capital cost assumptions are tough – but justifiably so. A more compelling point is that the regulator may have moved the goalposts in recalculating the Grid's asset base differently. But sustaining this argument is tricky: the last review was deeply opaque, and in any case the Grid's preferred approach is flimsy. So the Grid's best strategy is not to conduct a grand battle of principle at the Monopolies and Mergers Commission. It should concentrate on haggling over detail, nudging the regulator towards the lenient end of his range of assumptions and edging up the asset base figure. The prizes that way could be just as big.

Matthew Clark

How do you destroy a brand in less than a year? Matthew Clark appears to have achieved this with its recently acquired Diamond White cider, where sales more than halved during July and August. Skimping on marketing is a classic way of losing brand value. And depending on competitors for your distribution is a good route to a rough time – both Bass and Allied Domecq, which sell Clark's cider in their pubs, have launched highly successful "alcopop" drinks that have cut into cider sales. This is the first time cider companies have had to compete head on with the the big brewers. And alcopop is undoubtedly here to stay. Until Matthew Clark can present a coherent solution, it looks more attractive as a business study than an investment.

Additional Lex comment on Thistle Hotels, Page 21

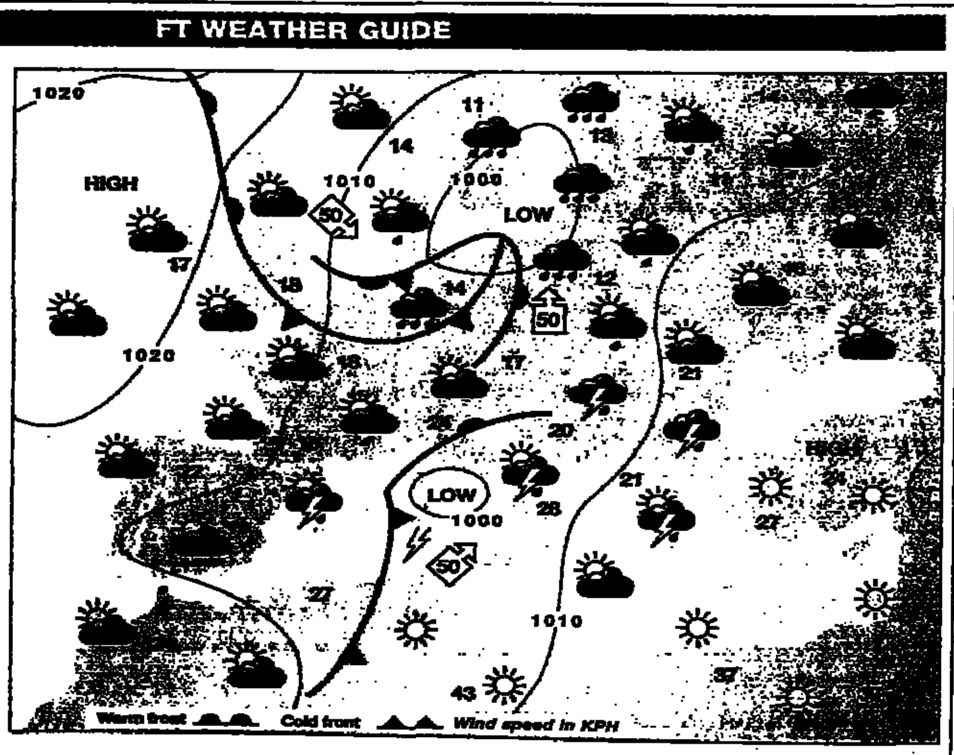
FT WEATHER GUIDE

Europe today

The Benelux will be cloudy with outbreaks of rain and a fresh breeze. Northern Germany, Denmark and Sweden will be rainy. Southern Germany will have sunny spells. Northern and southern France will have showers. Central France will have sunny periods. The Alps will be mainly dry with sunny spells. Northern Spain and Portugal will have sunny periods. Thunder showers are likely in eastern Spain, Italy, the Balkans and Greece.

Five-day forecast

A low pressure system will gradually move eastward from southern Scandinavia. This will at first bring rain and wind to the Benelux and Germany and then affect eastern Europe. Conditions will improve in the Balkans after the weekend.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius				
Abu Dhabi	sun 39	Beijing	fair 29	Caracas	fair 33
Accra	cloudy 29	Belfast	fair 17	Cardiff	fair 18
Algiers	fair 26	Belgrade	thund 22	Casablanca	fair 24
Amsterdam	shower 15	Berlin	rain 14	Chicago	cloudy 21
Athens	thund 26	Bermuda	shower 30	Cologne	rain 15
Atlanta	fair 30	Bogota	fair 20	Dakar	fair 31
B. Aires	sun 23	Bombay	fair 33	Dallas	fair 33
B ham	fair 17	Brussels	shower 15	Delhi	shower 33
Bangkok	thund 36	Budapest	fair 19	Dubai	fair 38
Barcelona	thund 22	C hagen	shower 14	Dublin	fair 17
		Cairo	sun 34	Dubrovnik	thund 25
		Cape Town	shower 17	Edinburgh	fair 16

Faro	sun 25	Madrid	shower 21	Rangoon	rain 32
Frankfurt	rain 15	Majorca	thund 24	Reykjavik	shower 12
Geneva	shower 18	Malta	fair 32	Rio	shower 24
Gibraltar	shower 23	Manchester	fair 15	Rome	thund 30
Glasgow	fair 17	Manila	rain 33	S. Frsco	fair 21
Hamburg	rain 14	Melbourne	windy 15	Seoul	sun 28
Helsinki	rain 12	Mexico City	cloudy 18	Singapore	shower 31
Hong Kong	cloudy 32	Miami	fair 32	Stockholm	rain 13
Honolulu	fair 32	Milan	shower 20	Strasbourg	shower 17
Istanbul	sun 24	Montreal	shower 21	Sydney	fair 19
Jakarta	shower 32	Moscow	shower 10	Tangier	shower 24
Jersey	fair 16	Munich	shower 17	Tel Aviv	sun 32
Karachi	fair 35	Nairobi	cloudy 27	Tokyo	fair 26
Kuwait	sun 43	Naples	thund 28	Toronto	rain 21
L. Angeles	sun 25	Nassau	shower 32	Vancouver	fair 19
Las Palmas	fair 27	New York	fair 24	Venice	shower 20
Lima	cloudy 18	Nice	shower 22	Vienna	fair 18
Lisbon	fair 24	Nicosia	sun 32	Warsaw	shower 14
London	fair 18	Oslo	fair 13	Washington	cloudy 26
Lux.bourg	shower 14	Paris	cloudy 18	Wellington	rain 13
Lyon	shower 18	Perth	cloudy 19	Winnipeg	fair 18
Madeira	fair 24	Prague	shower 15	Zurich	shower 15

FINANCIAL TIMES
COMPANIES & MARKETS
Thursday September 12 1996

IN BRIEF

Warning of deficit hits Renault stock

Shares in Renault lost 5 per cent of their value on the Paris stock exchange after the French carmaker's chairman confirmed the group expected to report a full-year loss. Mr Louis Schweitzer also warned of cuts in Renault's workforce planned for 1997, following the 1,640 job cuts announced this year. Page 16

Alcatel head waits to show his hand
Market scepticism over Alcatel Alsthom's ambition to take over Thomson, the French defence and consumer electronics group, is evident from the slide in Alcatel's share price since May last year, when Mr Serge Tchuruk, chairman of the telecoms and engineering combine, made his interest public. But in spite of the share fall, Mr Tchuruk has been largely content to keep his own counsel. Page 17

Sprint forges pact with RadioShack
Sprint, the US long-distance telephone company, unveiled an unusual pact with RadioShack, one of the country's leading electronics retailers, opening a new front in the marketing war sparked by US telecoms deregulation. Page 18

Henderson rise earns Lee HK$2.6bn
Mr Lee Shau-kee, who with his family owns two-thirds of Henderson Land Development, one of Hong Kong's biggest property concerns, will bank about HK$2.64bn (US$341m) as a result of a special cash bonus of HK$1 a share and a rise of 10 per cent in the final dividend. Henderson beat expectations with a 19 per cent rise in full-year net profits to HK$8.36bn. Page 20

Australians set for Warner cinema stake
Village Roadshow, the Australian film and entertainment group, said it was likely to take a 50 per cent stake in Warner Bros' cinema interests in the UK and Germany. Page 20

Pru chief plays down acquisition talk
Mr Peter Davis, chief executive of Prudential Corporation, the UK's largest life assurer, sought to damp expectations of imminent acquisitions in the wake of Pru's £1.75bn ($2.7bn) disposal of Mercantile & General, its reinsurance arm, to Swiss Reinsurance. Page 21

Sugar subsidies come under fire
Sugar subsidies are estimated to cost US consumers alone $2bn a year, according to the Washington-based International Policy Council on Agriculture, Food and Trade. The council is urging trade ministers to embark on reform of sugar policies at their first World Trade Organisation meeting in December. Page 24

Forestry shares slip despite pulp rise
Shares in Swedish and Finnish forestry groups fell sharply in spite of a pulp price rise announced by UPM-Kymmene of Finland, Europe's largest forest industry group. The Swedish forestry index fell 2.65 per cent, while in Finland the sector lost 2.1 per cent. Page 34

Companies in this issue

Market Statistics http://www.FT.com

Chief price changes yesterday

FRANKFURT (DM)				[illegible]	353	+	13
Rises				Legrand	219	+	34
[illegible]	342	+	9	Pathe	1374	+	45
[illegible]	323.5	+	7.5	Falls			
[illegible]	1000	+	8	Air Liquide	865	-	13
Falls				CGIP	1182	-	27
[illegible]	1160	-	30	TOKYO (Yen)			
[illegible]	231	-	9	Rises			
PWA	203	-	8.5	[illegible]	754	+	36
NEW YORK ($)				[illegible]	709	+	21
Rises				Falls			
[illegible]	[illegible]	+	[illegible]	[illegible]	317	-	15
[illegible]	[illegible]	+	[illegible]	[illegible]	771	-	29
[illegible]	[illegible]	+	[illegible]	[illegible]	783	-	18
Falls				[illegible]	817	-	22
[illegible]	[illegible]	-	[illegible]	HONG KONG (HK$)			
[illegible]	[illegible]	-	[illegible]	Rises			
[illegible]	[illegible]	-	[illegible]	[illegible]	3.575	+	0.3
LONDON (Pence)				[illegible]	1.13	+	0.29
Rises				[illegible]	1.0	+	0.18
[illegible]	[illegible]	+	[illegible]	Falls			
[illegible]	[illegible]	+	[illegible]	[illegible]	2.2	-	0.12
Falls				[illegible]	8.0	-	0.2
[illegible]	[illegible]	-	[illegible]	[illegible]	4.2	-	0.2
[illegible]	[illegible]	-	[illegible]	BANGKOK (Baht)			
[illegible]	[illegible]	-	[illegible]	Rises			
TORONTO (C$)				[illegible]	61.0	+	4.5
Rises				[illegible]	188.0	+	10.0
[illegible]	8.0	+	1.45	[illegible]	28.5	+	4.0
[illegible]	11.5	+	2.0	Falls			
[illegible]	8.0	+	1.1	[illegible]	332.0	-	58.0
Falls				[illegible]	34.5	-	9.0
[illegible]	43.8	-	2.35	[illegible]	29.0	-	3.0
[illegible]	16.2	-	0.6				
[illegible]	9.8	-	0.45				
PARIS (FFr)							
Rises							
[illegible]	516	+	11				

New York and Toronto prices at 12.30pm.

Kirch threatens pay-TV supply

By Raymond Snoddy in London

Kirch, the German media group, is threatening to cut off the supply of programmes to Premiere, the German pay television channel in which it has a 37.5 per cent stake, because of increasing tensions between the channel's shareholders and watchdog opposition to BSkyB, the UK satellite company, taking a stake in the channel.

It is believed that Kirch is irritated that Bertelsmann, which owns 37.5 per cent of Premiere, appears to be running the channel at the moment and that Canal Plus, the other shareholder in the venture with a 25 per cent stake, has turned from an ally to a competitor though its planned merger with NetHold, the pay-TV subsidiary of Richemont of South Africa.

The Munich-based Kirch Group has recently signed a joint venture with BSkyB to develop digital satellite television in Germany and is keen that the UK company should be able to take a stake in Premiere.

However, Germany's federal cartel office said this week that it might advise the European Commission to prevent British Sky Broadcasting, the UK satellite company, from taking a 25 per cent share in Premiere. "If BSkyB took a stake you would have all the big European players companies operating together," it said.

Kirch owns the rights to most feature films in the German market and in July launched a 19-channel digital television venture, DF1, which already has 5,000 subscribers.

Apart from ensuring that BSkyB become a partner in Premiere, Kirch also wants to see much greater co-operation and cross-promotion between Premiere and the DF1 digital service.

Recently Kirch accused Premiere of promoting the showing of the film *Forrest Gump* as "exclusive" when it was also available on DF1.

Kirch may decide to turn its back on the channel, despite its investment, and concentrate on the digital satellite market. Premiere has taken six years to reach 1.2m subscribers and is not yet in profit.

Kirch is at least prepared to threaten withdrawal of programming for which it holds the German exclusive rights. According to a German television executive close to the Kirch organisation, a number of programming deals could be cancelled "in months rather than years".

Across Europe the big pay television companies have been staking out their exclusive territories with Kirch and its new partner BSkyB appearing to hold most of the aces.

Toshiba enters US desktop market

By Michiyo Nakamoto in Tokyo

Toshiba, the electronics company that is a world leader in sales of portable personal computers, is to tackle the US desktop market where other Japanese manufacturers have struggled to make a mark.

The company yesterday made its entry into the market with the launch of a home entertainment multimedia PC. It hopes its new Infinia desktop PC, aimed specifically at the US home market, will kickstart a big expansion of its global PC operations.

The move, which follows the launch by Sony last month of a multimedia PC in the US market, highlights the growing attraction Japanese electronics makers see in the expanding home multimedia PC market.

Japanese producers of electronics and computers, such as NEC, Toshiba and Fujitsu, have not been a significant force in most PC markets outside Japan. The only exception has been in the portable PC market where Toshiba has been a front-runner.

In the last quarter, Toshiba secured the highest share of the US portable PC market at 23.7 per cent, followed by IBM with 12.9 per cent, according to IDC, the high-technology consultancy. Toshiba also enjoys the top market share in the worldwide portable PC market with 18.8 per cent, says IDC.

However, Japanese PC makers have not captured much of the larger worldwide desktop market, which makes up about 80 per cent of the entire PC market.

Japanese PC makers that are also consumer electronics makers are confident they understand the home market better than PC manufacturers.

Both Toshiba and Sony have emphasised that their PCs are easy to use. Toshiba's Infinia is black and, depending on the model, can be used as a TV, radio, CD player and telephone. The price ranges from $2,799 to $1,699.

Toshiba is aiming to sell 270,000 units of the Infinia in the US to the end of the fiscal year in March, and 1m units in its second year. It plans to introduce home-use multimedia PCs gradually in other markets.

Motorola slides on warning over chip demand

By Louise Kehoe in San Francisco

Motorola, the semiconductor and communications equipment group, yesterday issued a warning that profits for its third quarter to September 28 would be significantly lower than expected.

Earnings would be more than 25 per cent below the 50 cents a share consensus projections of Wall Street analysts and far short of second-quarter net earnings of 54 cents a share, the group said.

Motorola's share price dropped sharply on news of the warning, hitting a low of $46¾ in early trading – more than 7 per cent down from Tuesday's close of $50⅝. By mid-session, however, it had recovered to $49.

Motorola said "continuing weakness in pricing and unit demand", for semiconductor products was the biggest factor affecting third-quarter earnings. The company had seen a "sharp decline in operating profits" in its semiconductor business.

"There is no evidence of a real upturn in the [semiconductor] industry at this time," Motorola said, although it was hopeful the industry would start growing again next year.

The company declined to provide details of selling patterns over the past two months, which will be released with the third-quarter results early next month.

Motorola's comments cast doubt, however, on rising expectations of a short-term recovery in the world semiconductor market, which had been boosted by the Semiconductor Industry Association's release on Tuesday evening of a rise in the "book to bill" ratio, a closely watched indicator of the industry's health.

The ratio, which measures orders booked during the month versus shipments in American markets, rose to .90 for August, up from .86 in July and its highest level since January, giving analysts some hope that conditions might be improving. The ratio is still, however, well below its level of 1.16 a year ago.

Motorola said that in addition to slow semiconductor sales it had seen continuing severe price competition in the market for cellular telephones, pagers and computer modems. Over the past two months sales had weakened in international markets, the company said.

Mr Gary Tooker, vice-chairman and chief executive, said the company would continue to cut operating costs while attempting to minimise the impact on employees by placing restrictions on hiring, and by reducing work schedules and manufacturing run rates.

The company had also postponed capital expenditure, particularly in its semiconductor operations, he said.

World stocks, Page 34

Christies rises 57% to £15.9m in first half

Brendan Corr

Good health: First-half profits before tax at Christies International rose 57 per cent to £15.9m ($24.8m). The fine art auction house auctions everything from van Gogh's painting 'Interieur d'un restaurant' for $10.3m to yesterday's sale in London of Guinness memorabilia (above). Story, Page 21

Coats Viyella's exit hits profits

By Jenny Luesby in London

Coats Viyella, the UK textiles and engineering group, has become the latest victim of a global textile industry relocation, announcing a 34 per cent decline in interim pre-tax profits yesterday after large charges to finance its move away from western Europe.

Mr Neville Bain, chief executive, said relocating the group's global threads business and some of its UK clothing operations would cost £55m ($85.8m) this year and involve 7,750 job cuts, or 12 per cent of the workforce.

The group took £17.2m of the charges for the reorganisation in the first half, cutting pre-tax profits to £47m, from £70.8m last time. The remainder will be taken in the second half, when the group traditionally earns two-thirds of its annual profits.

The group is closing 20 factories, including 12 in the UK. Around 4,500 job cuts have been announced so far, including 2,400 in the UK.

Most of the remaining cuts will be in continental Europe and India.

The biggest shake-up, costing £32m, is in the threads business, which accounts for nearly half of group sales and in which Coats Viyella's sales base has shifted away from western Europe.

It was also suffering from "institutionalised overmanning" in its Indian operation, which it hoped to address by voluntary redundancies.

Last year, the group employed 14,000 people in India. This was down to 12,500, and "we only need 8,000", said Mr Bain.

The group planned to spend £12m relocating some of its clothing production away from the UK – in Poland, Hungary, Morocco, Sri Lanka, China, India and Indonesia. Meanwhile there were signs of recovery in the textiles market, said Mr David Alliance, chairman.

Group sales rose 6 per cent, to £1.2bn (£1.1bn), in the first six months of the year.

However, operating profits fell 11 per cent, and underlying pre-tax profits were down 18 per cent, depressed by climbing Indian interest rates.

The reorganisation programme was expected to deliver gains of £10m across 1996 and £25m next year, said Mr Bains.

Reuters' special share will give investors £613m

By Christopher Price in London

Reuters, the media and information group, yesterday said it would return £613m ($956m) to shareholders through the innovative creation of a special dividend share

The scheme is designed to reduce the company's cashpile by returning money to shareholders in a tax efficient way while satisfying UK and US tax authorities.

The shares, which will be quoted on the London stock market and Nasdaq in the US, will provide investors with regular dividends over a three-year period to the value of 750p a share.

Reuters had £850m in cash at the end of 1995 and indicated earlier this year its intention of returning a sizeable proportion to shareholders.

The latest move follows a share buy-back three years ago when Reuters bought £350m worth of its shares through a tender offer to shareholders.

However, some pension funds had bought Reuters shares during the offer period – only to sell them back to the company in order to claim a tax credit. The Inland Revenue, the UK tax authority, recently indicated to Reuters it would not approve this type of scheme again.

Mr Rob Rowley, finance director, said he believed the special dividend share scheme would be acceptable to both the UK and US authorities, while giving shareholders a flexible alternative to existing cash return schemes.

He said a series of special dividends – one option considered by the company – would not give shareholders the choice of either receiving the money immediately or receiving it in dividends.

The special dividend share was also more equitable than a straightforward share buyback which favoured institutional shareholders.

The company said that, while the scheme did not have "comprehensive UK tax clearance" from the Inland Revenue, its advisers believed the proposal avoided any tax disadvantage.

Because gross funds do not pay tax, they can claim tax credit on dividend payments. At current rates of advanced corporation tax, gross funds, such as pension funds, would be able to claim 188p tax credit on the special dividend shares. This would equate to a value of 938p for the shares over the three years. Their value when they start trading in a month's time is likely to reflect this, albeit on a discounted basis.

Reuters' shareholders will receive one special dividend share and 19 ordinary shares for every 20 ordinary shares held. The consolidation will result in a 5 per cent reduction in the number of ordinary shares in issue. Reuters shares rose 15.5p to 765.5p yesterday following the announcement.

Each special dividend share will pay six net dividends of 125p each. The first is to be paid on November 25 and other payments will follow at six-monthly intervals thereafter.

Lex, Page 14

Shares slide as Renault confirms loss fears

By David Owen in Paris

Shares in Renault lost 5 per cent on the Paris stock exchange yesterday, as the French carmaker's chairman confirmed it expected to incur a full-year loss. Mr Louis Schweitzer also warned Renault expected to reduce its workforce further in 1997, after the 1,640 job cuts announced this year.

However, in an interview with Le Monde, the Paris newspaper, he said he still hoped to achieve a 10 per cent share of the European car market in 1996.

"This should be attained thanks to the new vehicles we will announce at the start of October, and thanks to a commercial effort," he said. In the first six months, Renault's market share fell from 10.6 per cent to 9.7 per cent; while new car registrations in Europe rose 4.8 per cent, Renault's sales fell 3.9 per cent.

Mr Schweitzer's remarks came a day after the group unveiled a more than 90 per cent decline in first-half profits, and warned of a probable full-year loss.

The company's bleaker than expected assessment of the second-half outlook appeared to trigger a sell-off of the shares, which closed last night at FFr113, down FFr6, on a day when the benchmark CAC-40 index fell only marginally.

The company had suggested second-half operating income in its car division would show only a "slight improvement" from second-half 1995 levels, when it incurred a FFr1.35bn ($262.4m) operating loss. Commercial vehicles would also slip into loss because of "the combination of a continued downturn in the cycle in the US and a marked slowing in European markets".

Commenting further on the results yesterday, Mr Schweitzer said the main disappointment of the first half had been the performance of commercial vehicles, which made operating profits of FFr26m, down from FFr619m a year earlier. "Sales fell in the US and the expected upturn in Europe did not materialise," he said.

"The rhythm of orders has been in decline since the end of 1995," he said. "We are experiencing a renewed fall in the market that is completely unexpected."

The chairman indicated the group would accelerate the pace of a cost-cutting programme launched in March, and would maintain its long-term objective of manufacturing a quarter of its vehicles outside France.

He said he was "delighted" at the emergence of a new option for keeping Valeo, the automotive parts maker in French hands. "An Americanisation of Valeo would constitute a distancing of the company from French manufacturers," he said.

Glaverbel hit by decline in glass prices

By Neil Buckley in Brussels

Belgium's Glaverbel, Europe's third-largest glass-maker, said a fall to a historic low in glass prices and the economic downturn in Europe were behind a 19 per cent fall in first-half net profits from BFr366m to BFr298m ($9.770m).

Glass prices had "crashed to a historic low", although an upturn in the construction and automotive sectors had seen prices starting to recover.

The company also said the European downturn was the "worst in recent years", although a recovery had begun in the final two months of the period.

Operating profit fell almost a third from BFr1.55bn to BFr1bn, but Glaverbel said the fall in net results had been limited by a fall in interest rates, the sale of its glass bead activities last December, and preference stock repaid in December by AFG Industries, the US glass maker in which Glaverbel had a stake.

Group sales fell 4 per cent from BFr19.13bn to BFr18.34bn, with sales at one point in March running 8 per cent below last year.

Glaverbel decided in June to exercise its sell option on its 41.76 per cent common stock holding, and 36.05 per cent holding of non-voting preferred stock, in AFG. All but a residual 10 per cent stake was sold to Asahi Glass of Japan, Glaverbel's own majority shareholder, for BFr7.2bn in August.

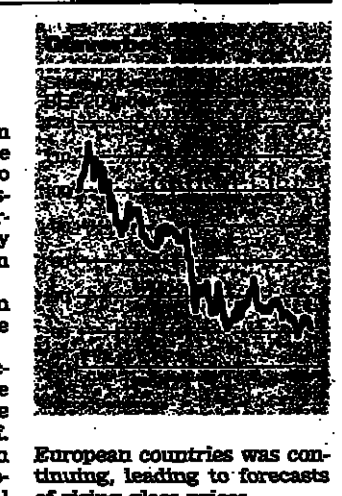
Mr Luc Willame, Glaverbel managing director, said the sale would strengthen the group's balance sheet and provide funds for other acquisitions. AFG's dividend prospects were not high enough to cover the financial charges on Glaverbel's stake.

The company said earlier this year that it was studying locations for a £50m ($78m) plant in the UK to make car glass – a sector in which it is under-represented compared with bigger rivals Pilkington of the UK and France's Saint Gobain.

Glaverbel said that nearly all its activities had been affected by the contraction in the European market. The group had taken action to correct overcapacity by closing down a float glass furnace in its Czech subsidiary Glavunion for repairs from February to August.

The first-half contribution from AFG Industries of the US also fell slightly.

The company expected second-half profits, before exceptional items, to be higher than in the first half. It said that the recovery in the construction and automotive markets in several European countries was continuing, leading to forecasts of rising glass prices.



Elan buys remaining ATS stock

Elan, the Irish based pharmaceutical company, is paying $141m for the outstanding shares of Advanced Therapeutic Systems, an off-balance sheet entity launched by Elan to develop a number of drug delivery technologies, writes John Murray Brown in Dublin. The company said the transaction would result in a one time charge.

ATS was set up in 1993 and financed through a rights issue to Elan shareholders, with each of the rights comprising one ATS share and one warrant to purchase one ordinary share in Elan, represented by one American Depositary Share.

Mr Donal Geaney, Elan president, said the decision to buy the shares "represents a vote of confidence in the future of Elan as well as giving an excellent return to shareholders who participated in the ATS offering".

ATS is working on 3 separate technologies – ETDAS, which utilises electrical current in the transport of drugs; BEODAS to increase the safety of drug delivery and MIDAS which increases the timing of delivery.

Bekaert hurt by sales weakness in Europe

By Neil Buckley

Bekaert, the Belgian steel wire and cord manufacturer and the world's largest independent producer, said a deterioration in its European markets led to a 27 per cent fall in net first-half profits, to BFr1.31bn ($42.2m).

The group said it did "not expect any significant improvement in profitability" for the second half of the year. It had warned at an analysts' meeting in July that full-year profits could fall by as much as 15 per cent this year from BFr3.1bn last year, owing to a cyclical downturn in Europe.

However, the full-year result would still be "substantially higher" than last year, including an exceptional gain of BFr2.2bn on the sale of 10.1m shares in its Japanese steel cord joint venture Bridgestone Metalpha in July.

Total turnover in the first half rose 2.8 per cent from BFr32.05bn to BFr32.93bn, including a first-time contribution from Rosler and Trefillest, two companies acquired during the year. Excluding Rosler and Trefilest, sales fell 3.6 per cent.

Overall sales volume fell 6.6 per cent, while currency fluctuations also knocked 0.8 per cent off the total. This was offset by a 6.3 per cent increase provided by Rosler, and Trefilest added 6.3 per cent. There was also a 3.9 per cent increase in selling prices.

Total costs jumped from BFr27.6bn to BFr29.05bn, so gross profits fell from BFr4.43bn to BFr3.88bn.

Depreciation – which rose from BFr1.92bn to BFr2.22bn – and lower production led to a 34 per cent fall in operating profit, from BFr2.50bn to BFr1.65bn.

Sales volumes in the steel wire and steel wire products business – which sells mostly to the building and car industries – rose 4.2 per cent overall. However, sales volumes in steel cord, used mainly to produce car tyres, fell 5.6 per cent, blamed mainly on lower sales in Europe.

Bekaert said the trend had grown worse towards the end of the second quarter.

However, sales in new activities launched by Bekaert, including thin metal fibres – used in airbags and filters – rose 9 per cent in total.

The company said its expanding operations outside Europe, particularly in Latin America and China, were still performing well. It expected steel wire in the Americas to continue to make good progress, while steel wire would benefit from an upturn in the economy.

VA Tech cautious despite rise in first half

By Eric Frey in Vienna

VA Technologie (VA Tech), the Austrian engineering group, yesterday reported a 29 per cent rise in group net income for the first half, from Sch294m to Sch378m ($35.6m).

However, Mr Othmar Pühringer, chairman, warned the full-year figure would be below last year's high of Sch1.05bn. He blamed the ending of tax credits and the fact the company would not realise any extraordinary profits from property sales.

Mr Pühringer said he was happy with the first-half operating results, and predicted further growth in the second period. Pre-tax profit jumped 50 per cent from Sch322m to Sch484m, and order inflow climbed 20 per cent from Sch17bn to Sch20.3bn. Orders on book reached Sch71.7bn, a record high.

A big part of future profits is expected to come from VA Tech's innovative Corex technology for steel production. The worldwide market share for Corex should triple to 3 per cent by the 2000, equivalent to 15 new plants a year, the chairman forecast.

Mr Pühringer said VA Tech had cut its stake in VA Stahl, the steel company that was once part of the same state-owned Voest Alpine group, from 22.7 per cent to 21.2 per cent, by selling 500,000 shares to a US investor for an undisclosed amount. At current market prices, the stake would be worth Sch665m.

Further sell-offs should push VA Tech's stake in VA Stahl below 20 per cent, so VA Tech would not have to consolidate profit contributions from the cyclical steel market in its group results, he said.

Mr Pühringer was optimistic about the court battle with Norwegian engineering company Kvaerner over accusations of industrial espionage by a VA Tech subsidiary during bidding for a large order from a Saudi steel plant. Kvaerner has dropped the charges of espionage, and VA Tech has won a preliminary ruling forbidding Kvaerner from publishing damaging reports on the competitor.

Kvaerner still claims that managers from Davy, a Trafalgar House subsidiary, took classified documents with them when they switched to VA Tech after Kvaerner acquired Trafalgar House. Even if that were true, VA Tech claims, it would not have made a difference to the successful bid for the Saudi plant, since VA Tech was far ahead of Davy in its technology.

NEWS DIGEST

Crédit Communal up 41% in half

Crédit Communal de Belgique said first-half net profits after minority interests rose 41.3 per cent from BFr3.83bn a year earlier to BFr5.41bn ($177m). Mr François Narmon, chief executive, said the 40 per cent first-half rise was exceptional. He declined to forecast a growth rate for the second half, but said it would stay very positive.

Income from interest rate margins rose 5.1 per cent from BFr19.7bn to BFr20.7bn and other income was up 30.9 per cent from BFr8.5bn to BFr11.1bn. Depreciation, write-downs and provisions fell 5.9 per cent from BFr5.58bn to BFr5.250bn. The results include Crédit Communal's share of profit from its 12 per cent stake in Banque Bruxelles Lambert, which was not included a year earlier. Crédit Communal continues to hold between 95 per cent and 98 per cent of the market in lending to public authorities, despite efforts by competitors to offer alternative products. A Crédit Communal executive said that competitors were offering public sector customers cheaper short-term lending, instead of the longer-term credit which Crédit Communal advises.

Mr Narmon said the BFr15bn rights issue announced yesterday by Générale de Banque for September 19, part of a strategic alliance with Crédit Local de France, would have very little effect on the planned bourse introduction and placing of Crédit Communal shares. Local authorities, which are the bank's shareholders, are reacting favourably to the plan to put between 25 per cent and 30 per cent of Crédit Communal's shares on the bourse via a cut in their stakes, he said.

AFX News, Brussels

Daimler drops telecoms bid

Daimler-Benz InterServices (Debis) will not bid for the licence to operate the digital E2 network, Germany's fourth mobile telecommunications service, said Mr Klaus Mangold, chairman. The board of Daimler-Benz, the parent company, has approved the decision, he said. Two weekly magazines recently reported that Debis and AT&T Corp would bid for the E2 licence. VIAG and RWE, associated with British Telecommunications, have said they were bidding to run the network. Candidates have until October 15 to bid for the licence to be awarded in February.

AFX News, Berlin

COB to probe leak on CGIP

COB, the Paris bourse regulator, is opening an inquiry into the release of information concerning a possible tie-up between Cie Générale d'Industrie et de Participations (CGIP), and Cie Européennes Réunies (Cerus) and Valeo, the French automotive components maker.

The investigation was announced as Mr Ernest-Antoine Seillière, CGIP chairman, said complete control of Valeo was out of the company's reach. He said a decision on Valeo could be expected at the beginning of October. He told Les Echos newspaper that any operation on Cerus, which owns a substantial stake in Valeo, would be complex owing to legal and tax questions and the company's liabilities.

AFX News, Paris

ParisCiba resignation

ParisCiba, the Swiss pharmaceuticals group merging with Sandoz to create Novartis, said Mr James Callahan, US Pharmaceuticals division president and designated chief executive of Novartis Pharmaceuticals, had resigned from his positions.

Mr E.J. Fullagar, chief executive of Sandoz US Corporation, will act as the designated chief executive of Novartis Pharmaceuticals until a new appointment is made.

AFX News, Tarrytown, New York

Saint Louis down in first half

Saint Louis, the French food group, said its net profit in the first half fell from FFr468m last year to FFr262m ($51.67m). The fall was due to the decline in the paper sector, with operating profit in this division falling from FFr296m last year to FFr79m.

AFX News, Paris

Prices for electricity determined for the purpose of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 12.09.96: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	9.05	13.02	14.22
0100	9.01	9.03	10.24
0130	8.98	9.03	10.24
0200	8.98	9.03	10.24
0230	8.98	9.03	10.24
0300	8.98	9.03	10.24
0330	8.98	9.03	10.24
0400	8.98	9.02	10.22
0430	8.98	9.02	10.22
0500	8.98	9.02	10.22
0530	9.00	9.02	9.02
0600	9.01	9.02	9.02
0630	9.04	9.02	9.02
0700	12.42	9.06	9.06
0730	13.44	13.09	14.50
0800	35.65	16.52	17.89
0830	49.45	19.49	21.05
0900	61.63	22.67	24.90
0930	74.25	26.44	29.51
1000	85.30	28.76	32.23
1030	86.55	30.30	34.02
1100	73.52	32.16	36.25
1130	75.95	34.70	39.21
1200	83.09	35.91	40.45
1230	77.44	33.62	37.85
1300	65.42	30.10	33.66
1330	46.65	24.43	27.35
1400	34.20	36.00	40.57
1430	30.19	37.35	39.82
1500	29.33	36.76	39.09
1530	32.07	21.22	23.49
1600	38.19	21.26	23.57
1630	61.41	37.54	40.03
1700	62.61	22.54	25.09
1730	56.99	21.01	23.23
1800	31.86	18.65	20.65
1830	16.53	16.58	18.05
1900	15.40	16.31	17.58
1930	27.30	16.00	17.23
2000	46.92	13.21	14.42
2030	52.90	13.22	14.43
2100	49.76	27.25	28.50
2130	39.06	28.37	29.61
2200	13.51	28.35	29.60
2230	12.95	28.28	29.50
2300	12.40	13.20	14.41
2330	12.40	13.20	14.41
2400	12.24	12.96	14.17

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.89/MWh becomes 1.689p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the computation of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 9.30am and 4.15pm Monday to Friday.
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NEWS DIGEST

Airbus chief calls for restructuring

Airbus Industrie, the European aircraft manufacturing consortium, loses too much money through decentralisation, according to Mr Edzard Reuter, chairman of the supervisory board, in an interview to be published in today's issue of Die Woche. He did not estimate the cost of conflicts between Airbus's various decision-making centres, but said it was undoubtedly too high. The company is owned by Daimler-Benz of Germany, Aérospatiale of France, British Aerospace and Casa of Spain.

Mr Reuter said Airbus must restructure so it could negotiate rapidly. "The company is currently run by 66 committees," he said. Asked about the absence of a profit or loss figure for Airbus, Mr Reuter said this was one of the big worries. "We have no consolidated figure for the units which co-operate in the production of an Airbus . . . we do not know what the Airbus group looks like in figures," he said.

Mr Reuter said Airbus should aim to compete with Boeing of the US and that it should become a company that relies on its shareholders' funds rather than on state aid. *AFX News, Hamburg*

Mercedes denies China row

Mercedes-Benz, the German automotive group, is still working on a feasibility study for the production of a multi-purpose vehicle with its joint venture partners Hainsan Automotive Factory and Sanxing Motor, the company said. It was responding to a newspaper report that its Chinese venture had been delayed by disagreements with its partners. All partners remained committed to the joint venture, it said, and chairman Helmut Werner would visit China to sign a joint venture agreement for the production of buses. *AFX News, Stuttgart*

VW quiet on shake-up report

Volkswagen, the German carmaker, has dismissed a report that management board chairman Mr Ferdinand Piëch planned to curb two board members' responsibilities as speculation. However, it would neither confirm nor deny the report. In its latest edition, German news magazine Der Spiegel reported that Mr Piëch would trim the portfolios of Mr Ulrich Seiffert and Mr Martin Posth.

VW's Mr Karl-Guenther Horning said the supervisory board was mandated to assign management board duties, and that the group had not taken a decision to alter the positions of Mr Seiffert and Mr Posth. The magazine reported that Mr Piëch planned to take over Mr Seiffert's responsibilities for car development, leaving him to handle only the environment and research portfolio.

Mr Posth, head of the Asia-Pacific region, would reportedly no longer be responsible for Japan, and his contract would not be renewed, the magazine said. Both Mr Seiffert and Mr Posth were appointed to the board by Mr Carl Hahn, Mr Piëch's predecessor. *Reuter, Hamburg*

KHD management survives

A turbulent annual general meeting of Deutz, formerly Kloeckner-Humboldt-Deutz (KHD), ended with the management being endorsed – effectively a vote of confidence in the company – even though the meeting lasted more than 12 hours. However, analysts said the vote did not mean the problems at the troubled engineering company were over.

"Their situation is still very difficult and this doesn't represent any turnround in their fortunes," said Mr Axel Luther, analyst at BHF Bank. At agms in Germany, shareholders vote to approve or endorse the management board every year. A number of shareholders, grouped primarily under the organisations DSW and SdK, had signalled their intention to put counter-motions, denying management board members their approval until state prosecutors have completed investigations into losses at the group's Wedag unit. The losses from three large Saudi Arabian orders were uncovered earlier this year and pushed the whole KHD group to the brink of collapse.

DSW said it wanted to voice its disapproval of both the management and supervisory boards because of the magnitude of the losses and the lack of clarity about how they came about. Analysts were doubtful, however, whether such counter-motions could be successful, because Deutsche Bank – whose board member Mr Michael Endres is head of Deutz's supervisory board – is Deutz's largest shareholder, with a stake of just under 50 per cent. Together with other banks, Deutsche could collect enough votes to push through the endorsement of the management in spite of the opposition of smaller shareholders.

"There was really no question that the management wouldn't be endorsed," said BHF's Mr Luther. "Such cases are very, very rare." Although Deutz is forecasting break-even for 1996 on sales of around DM3.3bn ($2.2bn), this would include money from the rescue package and did not actually represent operational improvements, said Mr Luther. *AFX News, Frankfurt*

KME up despite weakness

KM Europa Metal (KME), the international copper products company controlled by Italy's Orlando group, reported a pre-tax profit of DM54.1m ($36.1m) in the six months to June 30. In the first half of 1995, before a restructuring which brought the Italian group Europa Metalli under KME's control, the group reported profit of DM51.2m before tax.

KME, quoted in Frankfurt, is controlled by Mr Luigi Orlando, one of Italy's best-known entrepreneurs, through SMI and its parent GIM, both listed in Milan. Following the June 1995 restructuring, SMI owns 73 per cent of KME, which claims to be the world's largest manufacturer of copper alloy products, with subsidiaries in France, Spain and Italy.

KME said it had achieved growth because of continued cost-cutting and productivity improvements, and against the backdrop of weakening economies in western Europe. *Andrew Hill, Milan*

Tchuruk waits to show hand on Thomson

The Alcatel chairman faces market scepticism in his bid to take control of the defence and electronics conglomerate

The recent plunge in the share price of Alcatel Alsthom, France's telecoms and engineering combine, is a measure of the scepticism with which the market views Mr Serge Tchuruk's ambition to take over Thomson, France's defence and consumer electronics giant.

Since close of trading on March 28, when the Alcatel chairman made his interest public, his company's shares have slid on the Paris stock market from more than FFr450 a share to less than FFr400.

This is below the level at which they stood when it emerged in May 1995 that Mr Tchuruk was set to become Alcatel chairman. It is also a world away from the peak of FFr902 they touched briefly at the start of 1994.

Nevertheless, Mr Tchuruk has largely been content to keep his own counsel. One of few insights into his thinking came in a short Business Week interview in May.

"Thomson is strong in areas like multimedia, digital decoders and satellites that are important to us", he told the US periodical. "How could I not be interested?"

He has also suggested, in comments that must have gone down well with the French government, that Alcatel would keep the two halves of Thomson together, saying the electronics group was "too fine an enterprise to be broken up".

Together, the two companies would create one of the very largest of French private enterprises, with an annual turnover, based on 1995 figures, of more than FFr230bn ($44.7bn).

However, analysts have remained wary of an Alcatel bid for Thomson on at least three counts.

First, they point to a distinct shortage of obvious overlaps between the businesses. According to Morgan Stanley, the US brokers, the estimated "real synergies" of a takeover of Thomson by Alcatel are limited to – at best – about 30 per cent of Thomson's sales. These come in military communications, space and satellites, airborne defence and components.

Morgan Stanley notes that Alcatel's strength in radio transmission – it is the world leader in microwave transmission – would be particularly appropriate for Thomson's defence interests.

Secondly, there are doubts about the deal's timing. Alcatel is in the process of a wide-ranging restructuring launched last year by Mr Tchuruk and reflected in FFr23.1bn in exceptional provisions and depreciation charges that resulted in 1995 losses of FFr25.6bn, the largest in France's corporate history. First-half 1996 turnover figures and last month's disclosure that telecoms orders were up more than 20 per cent, suggest this is going well.

Nevertheless, many analysts believe the company should continue to concentrate on restructuring rather than seeking to branch out further afield. Said one: "I think it would be very negative for Alcatel to go headfirst into such a large business when it is pretty clear it has not broken the back of its own problems."

The third problem is the level of debt that would need to be accommodated. Thomson's net debt at the end of 1995 amounted to FFr23.6bn; Alcatel's was FFr20bn, leaving gearing at 61 per cent.

In addition, there is the question of Thomson Multimedia's operating performance. Thomson warned in its recently circulated annual report that market trends in consumer electronics in the first months of 1996 "continued to decline, particularly in the US television markets". This comes after a year when Thomson Multimedia's operating profits fell from FFr604m in 1994 to FFr352m.

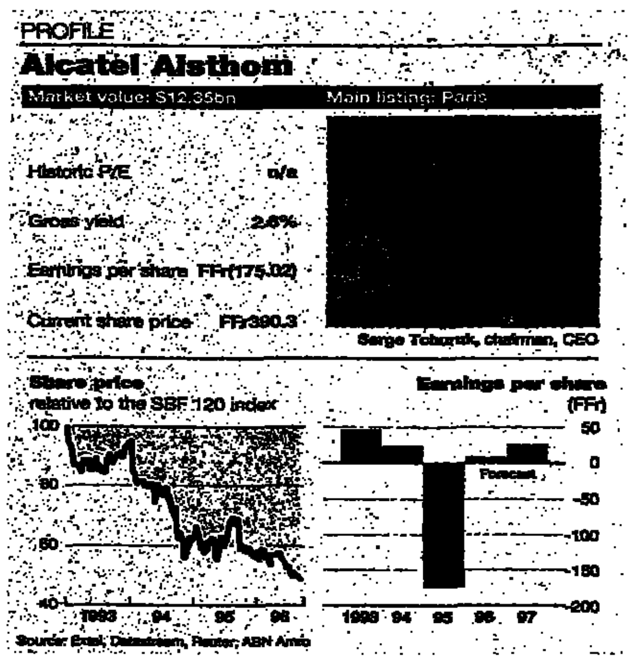
Some analysts argue, furthermore, that the recent announcement that Alcatel and Britain's General Electric Company are considering the merger of their joint venture in power engineering and transport equipment with Framatome, the French nuclear plant maker, has further confused matters. Said one: "To me it is very muddy; it doesn't make anything clear at all."

Others were disappointed because the announcement suggested Alcatel had every intention of staying in the power engineering business, rather than concentrating on telecommunications, as they would have preferred. "The market would have liked Alcatel to get out of both GEC Alsthom and Framatome", said Morgan Stanley's Ms Devika Malik. "That would have released cash and made them more focused, although political circumstances may have made this option impossible."

Observers may not have much longer to wait for a fuller explanation of Mr Tchuruk's actions. Formal Thomson bids should be in the hands of the French government in the next few days.

Either occasion may give Mr Tchuruk the opportunity to set out his strategy in more detail. In the meantime, the shares remain in the doldrums.

David Owen



Sprint unveils store link with RadioShack

By Richard Waters in New York

Sprint, the US long-distance telephone company, yesterday unveiled an unusual pact with one of the country's leading electronics retailers, opening a new front in the marketing war that is breaking out on the eve of deregulation of the industry.

The move also marks an early manoeuvre in the struggle for control of the country's wireless communications market after the advent of PCS services later this year. PCS, an alternative to cellular telephone services, will greatly expand the number of mobile services available and is likely to lead to substantial price reductions for consumers.

Under the deal announced yesterday, the US's third-largest long-distance carrier will have a presence in the 6,800 stores operated by RadioShack, an electronics retailer owned by Tandy. Each location will have a "store within a store" selling telephone equipment and services under the Sprint banner.

The agreement will also give Sprint Spectrum – a PCS company jointly owned by Sprint, TCI, Comcast and Cox Communications – an exclusive presence in RadioShack stores.

Most retailers had been expected to offer the full array of PCS services available in each local market, and it was unclear yesterday how much Sprint had to pay to secure its exclusive arrangement with RadioShack.

Until now, mobile telephony in the US has been restricted to two cellular providers in each local market. From late this year, however, up to four PCS services will also be available, depending on how quickly the service providers build the infrastructure to carry calls.

Sprint's move into retail stores also reflects a belief, common among US telephone companies, that customers in future will prefer to use a single supplier for all their telephone services, from long-distance and local calling to mobile telephones and Internet access.

Mr William Esrey, Sprint chairman and chief executive, said deregulation would make life "very confusing" for the consumer. Sprint's move into retail stores was an attempt to establish a single brand for all services, and a single location for consumers to buy telephone equipment and services.

Bad service led to Luksic empire

By Kenneth Gooding, Mining Correspondent

Andrónico Luksic (front) with his sons, from left, Guillermo, Jean-Paul, and Andrónico Jnr. He bought his first railway after finding it "the worst run business in the world"

The story of how Mr Andronico Luksic bought his first railway says much about the determination that enabled him to build one of Chile's biggest business empires, much of which will soon be listed in the US with a price tag near $2bn.

As Mr Luksic tells it, he liked the railway's standard of service so little, he bought the company.

Mr Luksic's first contact with the Antofagasta (Chile) and Bolivia Railway railway came when he wanted it to transport some very large tonnages of copper concentrate (an intermediate material) from his mines. He was referred to a book of tariffs with more than 2,000 entries, for almost every conceivable type of copper ore or concentrate. The railway's bureaucrats insisted on charging "by the book" – there was no such thing as a quantity discount.

"That made me look more closely at the railway and I decided it must be the most badly managed business in the world," Mr Luksic says.

His attempts to buy were rebuffed two or three times by the main UK shareholders, but in 1980 he bought control from the Rothschild merchant bank and some of its partners. Within six months, he had put most of his ideas into action and moved the railway from loss to profit. His family still owns about 67 per cent of what is now called Antofagasta Holdings, and is still listed on the London Stock Exchange.

The Luksic interests include the biggest brewing business in Chile, CCU, the Lucchetti pasta and soups group, Carrera hotels, Madeco, the copper cable company, and VTR, a media and telecommunications outfit. Most of the family's copper mining interests, like the railway, are held by Antofagasta.

When the Allende government nationalised or expropriated most of the family's businesses in the 1970s, Mr Luksic started again in other parts of Latin America, particularly Argentina. In the past few years he has been building a banking empire throughout South America including the merger of Banco O'Higgins and Banco de Santiago to form Chile's largest private sector bank.

Mr Luksic, 68, is the son of a Yugoslav immigrant who came to Chile to work in the nitrate industry. His mother's family had settled in Bolivia and traded with northern Argentina.

His entrepreneurial career began in the 1950s. On the back of a Ford dealership in Antofagasta he bought into a copper mine which he later sold to Japanese interests.

While retaining mining interests – his passions are still mining and geology – he diversified into fishing and fishmeal, and within 10 years, had moved his operations to Santiago.

For some time Mr Luksic has been delegating more responsibility to his sons. His eldest son, Andronico junior, runs the banking interests; the middle son, Guillermo, runs the industrial companies: and his youngest son, Jean-Paul, is involved in the mining and railway businesses.

Mobile homes bid battle may get real estate rolling

US mobile homes are on the move. A bid battle involving three companies seeking control of Michigan-based Chateau Properties has helped focus market attention on the "manufactured home" industry, long regarded as the poor relation of US real estate.

The interest in Chateau Properties has also awakened speculation that significant mergers and acquisitions are overdue in the real estate investment trusts (reits) sector, which now has a market capitalisation of about $57bn, having stood at only $8.7bn in 1990.

Reits gained new operating and tax privileges in 1986, and have benefited from the large amounts of real estate available on the market since the collapse of many savings and loan institutions – and the fall in housing prices – at the end of the 1980s. The large amounts being paid by small investors into mutual funds, whose managers see reits as their best way to into to the property market, has also helped their performance.

All three companies in the battle for Chateau are reits. Manufactured Home Communities, based in Chicago, and the largest competitor in the sector, last week made a $400m cash offer to Chateau's shareholders, which will last until October 1. It had already made a similar offer to Chateau's management, saying the new company would have a combined capitalisation of more than $1.2bn.

Chateau was put into play after it announced a "merger of equals" with ROC Communities of Englewood, Colorado in July, which valued Chateau at $300m. Sun Communities, based in Michigan, then made an unsolicited stock offer valuing the company at about $380m.

The battle has focused Wall Street attention on the possibility of more reit mergers. However, Mr Jim Sullivan, who analyses the sector for Green Street Advisers, said: "It might stimulate a bubble of activity. But while there's a lot of activity, there's probably not going to be a lot of deals which result."

Mr Kevin Comer, real estate analyst with Bankers Trust Securities, said the interest in Chateau was an indication that the sector was maturing, as managers found it harder to increase earnings without making acquisitions.

He said there would be more activity, although this would be hampered by the fact that reit shares tend to be held disproportionately by their managements, and by retail investors.

Analysts believe the manufactured home sector has been undervalued, owing to its poor image.

Last year 18m Americans lived in factory-built homes, and the sector has come a long way from the prevailing image of rustic poverty and rusting caravans in the Deep South. MHC's mobile homes look like typical American suburban dwellings, with bay windows, skylights, peaked roofs and fireplaces – and they represent one-third of US homes built each year.

John Authers

NEWS DIGEST

Inflows rise for US mutual funds

Net cash flows into US mutual funds, one of the main drivers of the US stock market, recovered significantly last month to reach the levels the industry had enjoyed before July's sharp market downturn, according to industry estimates published yesterday.

The Investment Company Institute, the trade association for mutual funds, the US equivalent of UK unit trusts, estimated that $19.5bn was taken in by equity and bond funds during August, compared with only $13.82bn in August last year. This is almost quadruple the $4.8bn paid into the funds in July, although still below the average of $24.7bn posted during the first five months of this year. The figures will ease fears that small investors would withdraw from the market. Bond funds also recovered to draw in a net $500m, after suffering outflows in the previous two months. Analysts said employee pension plans, which require regular monthly contributions to mutual funds in return for tax concessions, had helped bolster the industry against any sharp swings in demand. *John Authers, New York*

IRSA bucks Argentine gloom

A successful rental strategy – plus the sale of the Melián building for $10.4m – helped IRSA, the Argentine property developer, insulate itself from the effects of Argentina's deep recession and lift full-year profits fractionally to $21m against $20.6m in 1995. In the 12 months to June, earnings per share at IRSA, which is quoted in New York as well as Buenos Aires, dropped 15 per cent to $1.87 per GDR, while net sales fell 40 per cent to $35.2m. Operating margins rose more than a third to 35.7 per cent.

"Their strategy to counteract recession has basically been to get into the rental business by taking advantage of low property prices and then guaranteeing themselves a steady stream of income," said Ms Ashley Farrar, a Buenos Aires-based analyst at ING Barings. The company, whose occupancy rate is above 97 per cent, nearly doubled rental space during the fiscal year with the acquisition of several buildings. Its policy of only renting to AAA clients, mainly multinationals, has helped insulate the group from falling Buenos Aires rents. Rental income has offset sluggish sales of the company's property developments. *David Pilling, Buenos Aires*

Hydro-Quebec chairman quits

Mr Yvon Martineau, 50, has resigned as chairman of state controlled Hydro-Quebec, one of Canada's two biggest electric power utilities, at the request of Mr Lucien Bouchard, the Quebec premier.

His president, Mr Benoit Michel recently resigned in a policy dispute and Mr Martineau has been in conflict with the government on ways to restructure the utility in a period of slow growth. Hydro-Quebec is a leading international borrower. Mr Martineau, a well-known Montreal corporate lawyer had a stormy 18-month tenure. He made sweeping changes to the boardroom and senior management immediately after his appointment to the part-time post. *Robert Gibbens, Montreal*

Molson focuses on expansion

Molson Companies plans to invest heavily in developing its beer business internationally and has no present plans to pay a special dividend or buy back its own shares through the market, Mr Norman Seagram, president, said yesterday. *Robert Gibbens*

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HK property pick-up earns Lee HK$2.64bn

By Louise Lucas in Hong Kong

The man who, together with his family, owns two-thirds of Henderson Land Development, one of Hong Kong's biggest property concerns, is banking some HK$2.64bn (US$341m) as a result of a strong year for the company.

Mr Lee Shau-kee benefits from two bumper pay-outs: the company is continuing its trend of awarding a special cash bonus of HK$1 a share, and the final dividend has been raised 10 per cent from HK$1.30 to HK$1.43 a share.

The full-year result from Henderson Land beat market expectations with an 18.97 per cent rise in net profits from HK$7.03bn to HK$8.36bn for the year to June 30 1996.

Henderson attributed the growth in profits to a pick-up in Hong Kong's residential property market.

Mr Lee said the prices of homes in good locations have generally rebounded to the high levels seen in 1994, when the market peaked.

He added that banks have assisted in the recovery by relaxing mortgage terms and reducing interest margins to attract more customers.

He also reported more growth and activity in the office and shop sectors, but noted that the market for industrial properties was still sluggish.

Henderson boasts a total development landbank of 24.2m sq ft gross floor area in Hong Kong, which includes its interests in development sites.

In the year to June 30, total gross rental income of HK$1.2bn showed a 37 per cent improvement over the previous year.

Earnings per share rose 17.27 per cent from HK$4.40 to HK$5.16.

Looking ahead, Mr Lee foresees the demand for local housing as remaining strong, in part a result of the 50,000 plus immigrants from China who are permitted to settle in Hong Kong each year.

The group also reported results for Henderson China, the China property arm spun off earlier in the year.

Net profits soared from HK$23m to HK$564.16m. The biggest contributor was the property development business, specifically office towers in Beijing and residential blocks in Shanghai. Shareholders are to receive a dividend of 15 cents.

Henderson Investment, which is 64.14 per cent owned by Henderson Land, saw its net profits climb 15.9 per cent from HK$1.63bn to HK$1.89bn for the year to June 30.

Earnings per share rose 12.5 per cent from 64 cents to 72 cents over the same period, and the directors are proposing a final dividend of 28 cents, an improvement of 12 per cent on the previous year's 25 cents.

Lee Shau-kee: house prices have recovered to 1994 levels

WMC cautious about joining the big league

The Australian mining group is considering broadening its portfolio, writes Nikki Tait

Ask Hugh Morgan, head of Australia's WMC resources group, if his company will eventually make the leap into the "big league" of international mining companies, and he seems to anticipate the question before it is finished.

"You know, people demand a lot," he says ruefully, pointing out that WMC has just spent A$1bn (US$799m) – almost 25 per cent of its shareholders' funds – on capital projects during the past year.

But the reason the question may seem familiar is that analysts mutter it frequently. Within the Australian mining sector, BHP stands head and shoulders above its rivals; CRA, even before last year's formal tie-up with London-based RTZ, also offered scale and diversity.

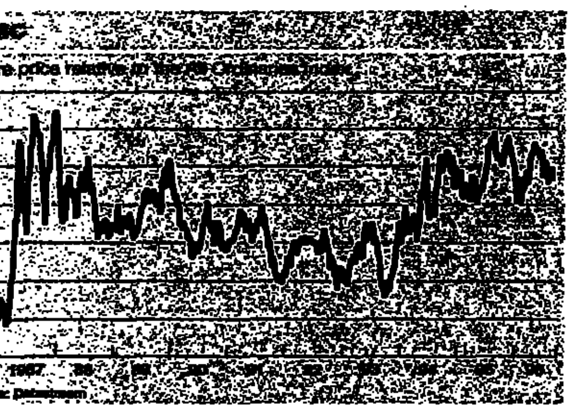
WMC almost climbs into the same class. Its A$9.5bn market capitalisation makes it Australia's eighth largest listed company, but its portfolio remains more limited, centred around five minerals. Operations are still predominantly domestic.

Explanations for WMC's failure to break into the "big league" are various. Morgan himself points to the break-up of the former Soviet Union, and the disproportionate effect which this had on the Australian company in the early 1990s.

"We had spent 30 years building up a diversified portfolio which almost exactly matched the outflow of products from the former USSR. There was gold, nickel, aluminium, uranium... it was exactly our portfolio," he says.

BHP and CRA had the buffer of large coal and iron ore assets. "That gave them a very strong underlying earnings flow at a time when the world was having to digest some two, three, four years' additional supply in other areas."

Mr Morgan concedes this is not the whole story. Momentum was lost in the late 1980s when WMC made a disastrous foray into the Canadian gold business. To compound these woes, there was a trespass debacle at the Ernest Henry deposit in northern Queensland, which caused WMC to lose the promising copper/gold resource. By 1993, calls for Morgan's head were mounting, and the mishaps culminated in an extremely sticky annual meeting.



Today, the WMC boss admits that 1993 was "an embarrassment". But he takes issue with the suggestion this was the point at which WMC started to get its act together. "There was nothing that happened in 1993 that did not relate back to 1987, other than Ernest Henry," he says.

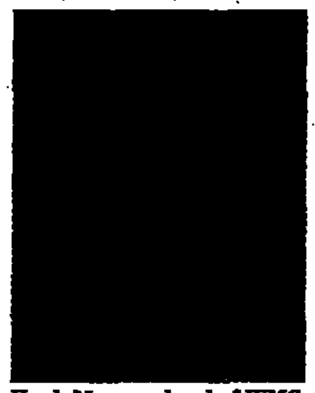
Certainly, since the mid-1990s, shareholders have had fewer grounds for complaint. WMC's share price has climbed from a low of A$3.65 in 1993 to about A$8.50. The group has also recovered from a A$21.2m loss in 1991-2, to the 1995-6 after-tax profit of A$386.2m announced last week.

On the operational front, substantial moves have included buying into Alcoa's global alumina operations and a big, well-timed expansion of the Western Australian nickel operations. Management has been bolstered, while most employees have shifted onto a more flexible individual contract basis.

But the question for analysts is where does WMC go from here. Last month, the company unveiled plans for a large expansion of its Olympic Dam copper-uranium project in South Australia, and Mr Morgan says there will be further announcements shortly.

"We have just committed to A$1.2bn on Olympic Dam...I would expect before the end of this [calendar] year we would have something on St Ives [the WA goldmining operation], which will be a major expansion." Another possibility is the go-ahead for a A$800m fertiliser project in Queensland.

More tantalising are a handful of overseas ventures – notably, a gold project in Uzbekistan, a copper/gold project in the Philippines, and the Pinares de Mayari West nickel joint venture in Cuba.



Hugh Morgan: head of WMC

Even so, some pundits worry that ploughing money back into nickel and copper may not provide the impetus required to make the big leap.

Mr Morgan acknowledges the demands, but warns about pushing too fast. "If you force the pace, you accept the price in the marketplace at the time, and in most of the best things we have done, timing has been critical".

However, Mr Morgan – whose father also ran the 63-year-old company and did much to shape its earlier fortunes – admits to the desirability of broadening the portfolio: "Part of our objective is to establish additional core business units – and there's a whole range of products that might mean".

Pushed to be more specific, he says it would have to be "commodities in which there's room for us to have a reasonable slice of the world market and be capable of growing.

"There's a portfolio of minerals which could provide that opportunity. It does not count out – or specifically identify – coal or iron ore."

Australians set to buy stake in Warner cinemas

By Nikki Tait in Sydney

Village Roadshow, the Australian film and entertainment group, said yesterday that negotiations to buy into the US-owned Warner Brothers' cinema interests in the UK and Germany were at an "advanced" stage, and would probably involve Village taking a 50 per cent stake.

The group, in which Britain's United News and Media holds a 19.5 per cent interest, first disclosed its talks with Warner Bros three months ago.

Mr Robert Kirby, Village chairman, said in a statement that the two companies planned to "substantially expand the existing circuit" in England and Germany once the joint venture is finalised.

Warner Brothers currently operates 135 screens in the UK, on 15 sites, including some in London's West End. It also has 17 screens at two cinemas in Germany's Ruhr Valley. The US and Australian companies already have significant links, having been partners in a couple of theme parks on Queensland's Gold Coast for some years. They have also formed a joint venture to build 18 new "megaplexes" – each housing about two dozen screens – in Australia over the next three years.

The update on the European cinema joint venture came as Village reported an after-tax profit of A$47.5m (US$38m) in the year to end-June, up from A$38m last time. Earnings per share rose from 14.7 cents to 17.8 cents, while sales increased from A$246.6m to A$297.1m.

The company said that the sales rise was partly due to a strong performance by the Gold Coast theme parks and its radio interests. The multiplex cinemas in Australasia, Singapore and Thailand posted higher earnings, Village adding two Singapore sites, two in Bangkok, and its first two in Malaysia as well as an additional 57 in Australia and New Zealand.

The first quarter of the current year, it added, had started "very strongly", with initial trading in all divisions said to be on budget.

Village shares closed steady at A$5.73 yesterday. In June, Mr Kerry Packer's Publishing & Broadcasting group placed out its stake in Village, prompting some analysts to wonder whether the entertainment company – which has had a meteoric rise over the past three years – might be peaking, and possibly overstretching, with the European deal.

NTT plans to hive off phone inquiry service

Nippon Telegraph and Telephone, (NTT), Japan's largest telecommunications carrier, is to commission 12 subsidiaries to take over its loss-making telephone directory service, Kyodo reports from Tokyo.

It would also cease providing the enquiry service between 10pm and 8am as early as next summer, the company said yesterday in a business reform plan.

The plan, aimed at coping better with the rapid penetration of multimedia and other technological changes in the telecoms industry, also includes spinning off a division which develops software for switching and fee collection.

These reforms should reduce NTT's workforce from the current 185,000 to 150,000 by 2000.

NTT's phone directory service costs the company about Y200 per call, although it charges only Y30. The division incurred an operating loss of Y94.9bn ($863m) in the year to end-March.

COMPANIES AND FINANCE: UK

Pru damps imminent acquisition talk

By Motoko Rich

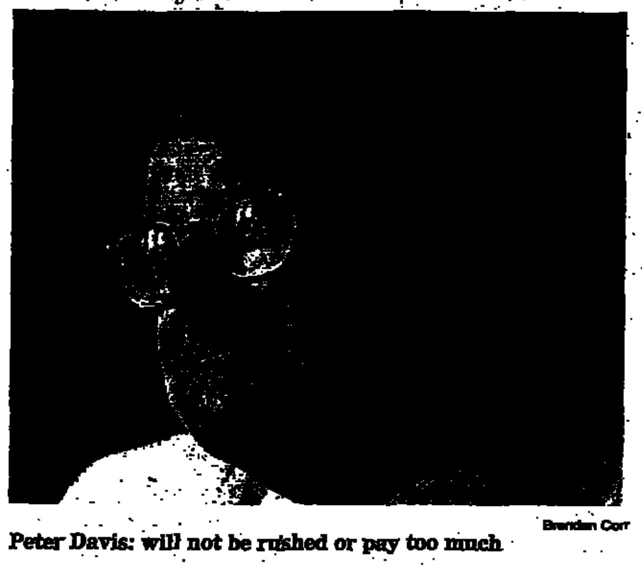
Mr Peter Davis, chief executive of the Prudential Corporation, the UK's largest life insurer, yesterday damped expectations of imminent acquisitions in the wake of its £1.75bn ($2.7bn) disposal of Mercantile & General, its reinsurance arm, to Swiss Reinsurance.

"We will not be rushed into doing something or paying too much," said Mr Davis as the group unveiled an 8 per cent rise in interim operating profits to £421m. "We are interested in developing a branch network, and a building society would be an interesting way of doing that, but not the only way."

Including actual realised investment gains – which make pre-tax profit figures volatile – pre-tax profits dipped from £499m to £361m. The operating figure is considered more stable because it includes averaged investment gains.

The increase in operating profits was struck after £33m in start-up costs for the group's bank, which will be launched in October to take advantage of £1.3bn of life policies that mature annually. The bank is likely to incur a further £37m in start-up costs this year. It will offer deposit accounts and mortgages. The Pru's 6,000-strong direct sales force already arranges £700m of mortgages for other lenders each year. "So we will pick up the business we are already generating for our competitors for our own benefit," said Mr Davis.

The group's core UK operations contributed operating profits of £170m, down from £198m due to the banking start-up costs. Jackson National Life, the group's US arm, outperformed expectations, raising profits from £118m to £153m. M&G Re contributed £90m (£87m).



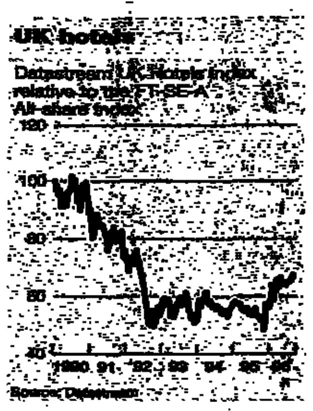
Brendan Corr

Peter Davis: will not be rushed or pay too much

LEX COMMENT

Thistle

On the surface, the Thistle Hotels flotation looks a winner. Thistle is London's largest hotel operator, at a time when demand for hotel rooms is considerably out-stripping supply. It offers a lower prospective price/earnings ratio and higher earnings growth than its peers. And Mr Robert Peel, its chief executive, has a deserved reputation for cost control. Beneath the veneer, however, its attractions are less compelling. The group's new depreciation policy looks the least prudent of all the listed UK hotel groups – and this is a crucial factor in profitability. Its tax rate is also currently the lowest.



Strip out these two factors and, at the bottom of the 170p-210p offer range, it looks pricier than its competitors, except the more casino-oriented Stakis. The group's board of directors looks makeshift. And while one of the company's selling points is the potential return from refurbishing its existing hotel portfolio, this partly reflects the fact that it held back on expenditure during the recession. So it is now desperately catching up.

The group's biggest appeal is its Project 2,000, which will add 1,000 rooms in London alone through extensions to existing hotels. This expansion can be comfortably funded internally, and acquisitions have, thankfully, been ruled out. Given the outlook for the sector, the shares look attractive at the bottom end of the range. But at the top end, they are best left for the bulls.

Myanmar dulls Premier rise

By Jane Martinson

Increased production and rising oil prices helped Premier Oil, the independent exploration group, almost double interim pre-tax profits to £27.7m ($43.2m).

However, the lack of commercially viable oil from new wells, combined with evidence of continuing delays over an important deal in Myanmar disappointed investors yesterday, and the shares eased ½p to 29¾p.

Mr Charles Jamieson, chief executive, said he remained confident that the plan to sell gas from Myanmar to Thailand would proceed. While the deal still needs final agreement, the two governments have expressed support.

The proposed plan, which accounts for some 42 per cent of Premier's potential reserves, involves two oil partners: Texaco of the US and Nippon Oil of Japan.

Mr Jamieson played down the impact of mounting criticism, especially in the US, of the political scene in Myanmar. The group had "contingency plans", he said, if Texaco's involvement became difficult, while delays so far were due to negotiations being "quite complicated".

Sales rose 56 per cent to £56.9m (£36.4m) in the six months to June 30, helped by a 31 per cent increase in production and a 13 per cent rise in oil prices. Increased production of 28,350 barrels of oil equivalent a day resulted from three fields coming on stream, as well as a full contribution from Pict Petroleum, which was bought last year.

Hanson shares to shuffle

By Ross Tieman

Signs that UK institutions will be heavy sellers of Millennium Chemicals were confirmed yesterday, as grey-market trading began in derivatives of the four quoted companies to arise from the Hanson demerger.

Grey shares in the chemicals business, to be quoted only in the US, rose $1 to a mid-price of $31⅝ during light trading. But UBS, which is making a market in Hanson Demerger Advanced Participation Securities, said interest in buying the shares came largely from the US.

The break-up is expected to lead to a huge share-shuffle around the world as institutions refocus portfolios. Arbitrage funds have yet to build positions.

About 30 per cent of the Hanson conglomerate is owned by US institutions. "The US investors want to get into the US bit and the UK investors want to get into the UK bits," UBS said.

UBS is posting an indicative bid price of 340p for Imperial Tobacco, and an offer price of 360p. The Energy Group, UK electricity distributor Eastern and Peabody Coal in the US, was 520p bid, 540p offer. The rump Hanson business was 43p bid, 45p offer.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Adscene	Year to May 31	49.4	(31.8)	5.06	(4.61)	15†	(18.1)	5	Oct 24	5	8.5	8
Antofagasta Hldgs	6 mths to June 30	95.2	(87.8)	27	(51.6♥)	11.9	(24.2)	2	Dec 6	2	-	6.5
Assoc Brit Ports	6 mths to June 30	122.4	(116.4)	46.9	(43.5)	9.2	(8.6)	3.5	Nov 1	3	-	6.5
Barr & Wallace	6 mths to June 30	116.5	(128.8)	0.903♠	(0.734)	3.9	(3.2)	3.25	Oct 25	3	-	11
British-Borneo	6 mths to June 30	26.9	(20.5)	10.87	(7.51)	13.75†	(11.48)	3	Oct 22	2.867	-	7.5
British Data	Yr to June 30	19.8	(17)	2.65	(1.58)	8.3	(3.8)	3.75*	-	3.75	5.4	5.4
Christies Intl	6 mths to June 30	105.6	(91.4)	15.89	(10.12)	5.94	(3.63)	1.2	Oct 25	0.85	-	2.8
Coats Viyella	6 mths to June 30	1,161	(1,199)	47♠	(70.8♠)	4	(6.6)	4.625‡	Dec 24	4.625	-	9.725
Co-operative Bank	28 wks to July 27	94.2☆	(78.7)	25.09	(20.29)	2.11	(1.88)	-	-	-	-	-
Crean (James) ♣	6 mths to June 30	155.2	(130.7)	7.53	(8.01)	11	(10.6)	6.5363	Dec 12	6.22	-	14.87
Devro	6 mths to June 30	147.9	(47.2)	6.33♠	(14.67)	1.8	(7.6)	2.8	Oct 25	2.6	-	7.7
Expamet	6 mths to June 30	60.5	(71.1)	12.2♥	(28.8L♠)	15.98	(47.2L)	1.45	Nov 15	1.35	-	3
Fitch	6 mths to June 30	9.95	(7.72)	1.14	(0.816)	2.1	(1.3)	-	-	-	-	-
Gowrings	6 mths to June 30	31.6	(29.5)	0.139	(0.212)	1.06	(1.74)	1	Nov 4	1	-	2.75
Heywood Williams	6 mths to June 30	311	(264)	15.31♠	(24.02♥)	9.3	(19)	5	Oct 18	5	-	13.8
Ind News‡	6 mths to June 30	182	(167)	26♠	(20.4)	6.74†	(5.88)	2.3	Nov 1	2.1	-	6
Instem§	6 mths to June 30	10.7	(11.2)	0.402	(0.577)	5.8	(8.4)	1.5	Nov 22	1.5	-	3.8
London Forfaiting	6 mths to June 30	886	(667)	16.57	(11.09)	11.68†	(7.87)	3.7	Oct 28	3.4	-	10.2
Mirror Group	6 mths to June 30	277	(248)	51.9♥	(57♥)	9.1	(11.1)	1.35	Nov 8	1.2	-	4
Pascoe's Group	6 mths to June 30	2.73	(2.95)	0.016	(0.07)	4.93L	(1.06)	nil	-	nil	-	nil
Premier Oil	6 mths to June 30	56.9	(36.4)	27.7	(14)	1.87	(1.17)	nil	-	nil	-	0.5
PTS Group	6 mths to June 30	34.4	(28)	1.01	(0.859)	3.4†	(3.2)	1.3	Oct 31	1.2	-	3.8
Stat-Plus	6 mths to June 30	7	(7.1)	2.1	(1.8)	6.6	(5.8)	5.13	Oct 1	4.75	-	10.45
Telspec	6 mths to June 30	35	(27.9)	8L	(4.27)	13.75L	(8.99)	nil	-	1.8	-	5.4
Try Group	6 mths to June 30	74.2	(58.6)	0.361	(1.77L♠)	0.52	(2.55L)	nil	-	nil	nil	nil
Wates City	6 mths to June 30	3.01※	(2.99)	1.55	(0.213L)	0.5	(0.24L)	nil	-	nil	-	nil

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
BZW	Yr to July 31	113.92	(111.97)	4.35	(4.08)	8.5	(7.96)	3.3	-	3.3	7.8	7.8
Dartmoor	3 mths to July 31	92.24	(116.24)	1.56	(2.9)	3.23	(4.73)	3	Oct 30	2.9	-	12.5
Exeter Prefd	6 mths to July 31	156.5	(158.2)	0.324	(0.268)	1.39	(1.15)	-	-	-	-	-
Kleinwort Smaller	6 mths to July 31	188.11	(49)	0.180	(0.198)	1.36	(1.5)	1.3	Oct 31	1.3	-	3.3

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ♣Aim stock. §USM stock. ‡Irish currency. ‡Foreign income dividend. ※Net rental income. *Second interim in lieu of final. ☆Net interest income.

Thistle valued at up to £1.24bn

By Scheherazade Daneshkhu

Thistle Hotels, the UK's second largest hotels group, yesterday set a price range of 170p-210p for its flotation next month, valuing it between £1.05bn and £1.24bn ($1.93bn).

The size of the offer of 211.6m shares will be £402m – if priced at the mid point of the range – of which £250m will be new money. About £150m of this is for the redemption of convertible loan notes.

Brierley Investments, the New Zealand group which has a 70 per cent stake, is reducing its holding to below 50 per cent. The Government of Singapore Investment Corporation and Temasek Holdings, two Singapore government agencies, which own 30 per cent, will scale down their stake by the same proportion.

About 35 per cent of Thistle is being floated, through a placing with institutional investors in a book building exercise. There is also a small retail offer aimed at the hotels' customers who will be entitled to discounts. The offer price will be announced on October 2.

The prospectus forecasts that operating profits will rise from £89.3m last year to at least £100m this year, before an exceptional £87.8m write-down of hotels and development sites.

Analysts said the valuation was expensive at the upper end of the range, but represented fair value at the lower end.

Fixed charges help Christies advance

By Antony Thorncroft

Profits before tax at Christies International, the fine art auction house, rose 57 per cent to £15.9m ($24.8m) in the first six months of this year.

The substantial rise was achieved on a 6 per cent increase in sales to £486m.

Revenue improved mainly because of the new commission structure, introduced last autumn, which replaced the old system whereby sellers could negotiate low commissions on expensive items with a fixed scale of charges. It had also concentrated on higher value lots.

The strongest growth area was jewellery, where sales rose 71 per cent to £97m. Contemporary art, American pictures, South East Asian art and wine performed well.

The highest price achieved was the $10.3m paid in May in New York for van Gogh's painting *Interieur d'un restaurant*.

LEGAL NOTICES

NOTICE OF CREDITORS MEETING
IN ADMINISTRATION PROCEEDINGS
OLD CHELSEA DISTILLERS LIMITED

Notice is hereby given that a meeting of creditors in the above matter is to be held as follows: Venue: Holborn House, 155 Gower Street, London, WC1E 6BJ, Date: 19 September 1996, Time: 2.30pm, to consider my proposals under S.23(1) of the Insolvency Act 1986 and to consider establishing a creditors' committee.

A proxy form should be completed and returned to me by the date of the meeting if you cannot attend the meeting and wish to be represented. In order to be entitled to vote at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

D NESBIT Administrator

France Télécom makes its debut in dollars

By Peter John and Richard Lapper

A debut dollar offering by France Télécom and the first D-Mark issue by Bankgesellschaft Berlin, the Berlin-based investment bank, were the highlights of another busy day in the euromarkets.

INTERNATIONAL BONDS

Although there were fewer deals than on Tuesday, when more than $9bn of eurobonds were issued, yesterday saw a string of deals in a variety of currencies with interest from institutional investors again a dominant feature.

France Télécom, the French state-owned telecommunications company, raised $400m to refinance shorter-term borrowing for the acquisition of a 10 per cent stake in Sprint, the US telecommunications company.

Syndicate managers at Société Générale and Morgan Stanley, joint bookrunners, said the company had been waiting for the last couple of months to do the deal.

"This was a window of opportunity. We knew the market was hot," said one. Priced to yield 15 basis points over the five-year Treasury, the bonds held their price when they were freed to trade, with investor interest equally divided between the UK and continental Europe.

The DM750m five-year issue for BGB Finance Ireland, the financing arm of Bankgesellschaft Berlin, was priced at 35 basis points over the series 119 Bobl.

J.P. Morgan, joint bookrunner with CS First Boston, said most demand had come from Europe, with some bonds also placed with Asian investors.

Fitzwilton, the Northern Irish supermarket chain, issued an £80m 10-year mortgage-backed bond to pay down an existing loan and free up cash for expansion.

Led by Bankers Trust and SBC Warburg, the deal attracted strong interest from some 40 institutional investors.

Launched at a price yielding 175 basis points over the gilt of the same maturity, the yield spread narrowed when the bonds were freed to trade.

As well as its DM1.5bn bond for the Tennessee Valley Authority (see adjoining story), which was priced yesterday, Deutsche Morgan Grenfell brought two deals to the market through its own funding vehicles.

Deutsche Bank Finance (Curaçao) raised a $250m two-year bond, targeted at retail investors seeking protection from a possible rise in US interest rates.

Deutsche Finance Netherlands issued a L1,000bn zero-coupon 30-year bond which offers a highly-geared play on European economic convergence and prospective falls in Italian bond yields.

Yields on Italian government bonds and on Italian eurobonds traded in the secondary market have already fallen this year, in line with the country's improving inflation outlook and creditworthiness.

Investors will pay an initial price equal to 7.5 per cent of the face value of the bond.

"There is appetite in the market for zero-coupon lira," said a syndicate manager at DMG. "Some people believe in convergence and want to extend duration. They will get a big bang for their buck and the bulls waiting for something have jumped aboard fairly emphatically," he added.

Finally, a clutch of medium-sized yen issues were aimed at Japanese retail investors seeking higher yields.

A two-tranche issue by the Kingdom of Denmark raised Y10bn, redeemable in New Zealand dollars. It was led by Sanwa International and Kokusai Securities.

Abbey National Treasury Services, in the market earlier this week with a lira issue, raised Y10bn with a five-year deal through Sanwa International.

Sumitomo Realty raised Y20bn with a five-year issue through Daiwa Europe.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
■ US DOLLARS							
France Telecom	400	6.875	99.613R	Oct 2001	0.25R	+15(6¼%-01)	Morgan Stanley/SGST
Deutsche Bank Finance(a)	250	6.375	99.932R	Dec 1998	0.125R	flat(6¼%-98)	Deutsche Morgan Grenfell
Swedish Export Credit(f)	75	6.75	100.3125R	Dec 1999	0.1875R	+7(6%-99)	Kredietbank Intl Group
RVI International(a)Φ	50	3.25	100.00	Oct 1999	2.25	-	Yamaichi Intl (Europe)
■ D-MARKS							
BGB Finance Ireland	750	5.375	99.825R	Oct 2001	0.25R	+35(5%-01)	CSFB/JP Morgan
City of Montreal‡	110	(b)	99.86	Oct 2003	0.20	-	DG Bank
■ YEN							
Sumitomo Realty & Dev(a)★	20bn	2.50	100.00R	Nov 2001	0.10R	-	Daiwa Europe
Abbey Natl Trsy Services★	10bn	2.70	100.30	Oct 2003	0.30	-	JP Morgan Securities
Kingdom of Denmark(c,f)★	10bn	7.00#	100.00	Sep 1998	1.50	-	Sanwa International
■ STERLING							
Fitzwilton Finance(d)	80	9.75	99.347R	Oct 2006	2.00R	+175(7¼%-06)	Bankers Trust Intl
■ LUXEMBOURG FRANCS							
Commerzbank(f)	2.5bn	(e)	102.65	Dec 2006	2.00	-	Crédit-Européen
■ ITALIAN LIRE							
Deutsche Finance Neths	1000bn	zero	7.367R	Oct 2026	0.10R	-	Deutsche Morgan Grenfell
■ CANADIAN DOLLARS							
Ford Credit Canada(f)	100	7.00	100.095R	Oct 2001	0.30R	+31(7½%-01)	RBC Dominion Securities

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ★Unlisted. ΦWith equity warrants. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Fixing: 17/9/96. Warrants to common stock of Riken Vinyl Industry Co. b) 3-mth Libor +15bp. c) Repaid in NZ$. d) Spens call provision. e) 6% to 15/12/00, then 7% to 15/12/03, then 9%. f) Long 1st coupon. g) Short 1st coupon.

Brendan Corr

TVA and EIB treasurers celebrate back-to-back alliance

TVA, EIB find winning formula

By Richard Lapper, Capital Markets Editor

The back-to-back swap deal priced yesterday for the Tennessee Valley Authority and the European Investment Bank will give both cheaper funding than they could obtain through conventional bond issuance.

TVA, the US government-owned power utility, is issuing a 10-year DM1.5bn eurobond with a Frankfurt listing, while EIB is raising $1bn with a 10-year issue in the US market. The issuers will swap the proceeds.

Speaking in London yesterday, the treasurers of both organisations said the arrangement – now relatively unusual in the swaps market – had allowed them to reduce borrowing costs, although they did not specify by what amount.

Two elements of the deal were important in this respect. First, the EIB has a much stronger comparative advantage over TVA in funding in dollars than it does in D-Marks. Lehman Brothers, co-bookrunner on both deals, said the EIB priced its 10-year dollar paper at 17 basis points over Treasuries, about 6 to 7 points lower than TVA could have done.

In the German market EIB enjoys a smaller advantage; it could raise funds at about 4 basis points less than the 17 points over bunds achieved by TVA.

Second, by swapping the proceeds on a back-to-back basis rather than through counterparties, bid/offer spreads were eliminated and transaction costs reduced.

Resulting savings were pooled, providing benefits for both borrowers.

Both also diversified their funding sources. Lehman said some 65 per cent of the TVA bonds were placed in Europe, 20 per cent in Asia, and 15 per cent in the US. About half the EIB issue was placed in the US, 35 per cent in Europe, and 15 per cent in Asia.

US Treasuries recover on reassuring Beige Book

By Lisa Bransten in New York and Samer Iskandar in London

European bonds defied a weak US market early in the session and closed higher, ending a day described as technical by most traders. UK gilts, however, underperformed, closing unchanged but with wider yield spreads over other markets. Treasuries were boosted in the afternoon by the release of a moderately bullish Beige Book, which came too late in the day to affect Europe.

■ News that the Federal Reserve does not see definite signs of inflationary pressures in the economy helped US Treasuries rally from their session lows to hover at nearly unchanged levels in early afternoon trading.

Prices began the session lower, with the benchmark 30-year bond down more than a quarter point to yield 7.14 per cent. But bonds began to recover after the Fed released the Beige Book – a report on the US economy prepared for the Fed's Open Market Committee in advance of policy meetings – which found inflation indicators to be "varied and generally inconclusive".

Soon after midday, the long bond had recovered all of its losses and was unchanged at 95¼ to yield 7.109 per cent, while the two-year note was 1/32 lower at 99⅞, yielding 6.330 per cent.

GOVERNMENT BONDS

The yield curve that maps the spread between two-year notes and the long bond flattened by two basis points to 78 basis points.

The Beige Book "showed some strength, but the market was expecting worse than we got", said Mr Woody Jay, head of global government trading at Lehman Brothers. He said the market has priced in a ¼ rise in interest rates at the FOMC meeting on September 24, and the Beige Book seemed to confirm that assumption.

■ UK gilts underperformed other European markets, ending unchanged on the day. Liffe's December long gilt future closed at 106⅝, the same level as Monday and Tuesday. In the cash market, the 10-year gilt also ended unchanged, at 97¾, but a stronger performance by bunds left the yield spread 2 basis points wider at 173 points.

Traders were slightly unsettled by an acceleration in the rate of decline of unemployment, although most of the labour market data was otherwise in line with forecasts.

Analysts at HSBC in London pointed out that basic pay settlements had fallen to 3 per cent, and noted that "there is nothing to worry about looking further ahead", in terms of inflationary pressures.

■ French bonds continued to benefit as fears of social tensions linked to next week's budget presentation receded. The December notional contract on Matif rose by 0.32 to close at 122.74, while the December Pibor future gained 0.01 to 96.00. In the cash market, the 10-year yield spread of OATs over bunds narrowed by 2 basis points to 8 points.

■ Europe's high yielding markets continued to outperform other bonds, rising by between ¼ and ¾. Italian and Spanish 10-year yield spreads over bunds tightening by 6 basis points to 320 and 290 points respectively.

Irish gilts showed the strongest performance. The 10-year benchmark bond closed 0.62 higher at 103.42.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		8.750	11/06	90.5660	-	8.13	8.21	8.16
Austria		6.250	05/06	99.1500	+0.160	6.26	6.37	6.33
Belgium		7.000	05/06	103.1200	+0.160	6.55	6.64	6.62
Canada *		7.000	12/06	96.7200	-0.350	7.46	7.50	7.27
Denmark		8.000	03/06	104.8200	+0.240	7.27	7.35	7.25
France	BTAN	5.500	10/01	100.2140	+0.090	5.45	5.61	5.33
	OAT	7.250	04/06	106.4600	+0.270	6.32	6.44	6.29
Germany Bund		6.250	04/06	99.5600	+0.190	6.31	6.40	6.28
Ireland		8.000	08/06	103.4200	+0.620	7.50	7.64	7.53
Italy		9.500	02/06	102.6000	+0.390	9.08†	9.38	9.16
Japan	No 140	6.600	06/01	120.7273	-0.040	1.86	1.87	2.32
	No 182	3.000	09/05	100.6422	+0.180	2.91	2.98	3.29
Netherlands		8.500	06/06	116.1000	+0.140	6.23	6.33	6.26
Portugal		11.875	02/05	119.8600	+0.160	8.46	8.62	8.61
Spain		8.800	04/06	101.1200	+0.250	8.60	8.88	8.73
Sweden		6.000	02/05	87.1784	-0.540	8.16	8.17	8.19
UK Gilts		8.000	12/00	103-10	-	7.07	7.09	7.06
		7.500	12/06	97-11	-	7.88	7.92	7.80
		9.000	10/08	107-19	-	8.01	8.04	7.90
US Treasury *		7.000	07/06	100-07	-10/32	6.96	6.93	6.47
		6.750	08/26	95-05	-17/32	7.14	7.10	6.74
ECU (French Govt)		7.500	04/05	104.9900	+0.270	6.71	6.82	6.73

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	-	Two year	6.36
Prime rate	8¼	Two month	-	Three year	6.53
Broker loan rate	7	Three month	5.30	Five year	6.72
Fed funds	5⅛	Six month	5.54	10-year	6.96
Fed funds at intervention	-	One year	5.82	30-year	7.14

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	123.96	124.22	+0.32	124.24	123.88	134,339	99,061
Dec	122.46	122.74	+0.32	122.78	122.42	66,009	104,142
Mar	122.38	122.64	+0.30	122.66	122.38	739	12,711

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Oct	Calls Nov	Calls Dec	Puts Oct	Puts Nov	Puts Dec
120	-	-	-	0.01	-	0.18
121	-	-	-	0.02	0.14	0.27
122	0.90	1.18	1.42	0.04	0.25	0.44
123	0.24	0.60	0.86	0.13	0.46	0.72
124	0.04	0.24	0.48	0.52	-	1.15

Est. vol. total, Calls 12,002 Puts 18,280. Previous day's open int., Calls 103,479 Puts 99,112.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.84	97.06	+0.22	97.18	96.78	157958	195268
Mar	96.00	96.08	+0.22	96.00	96.00	132	1297

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Oct	Calls Nov	Calls Dec	Calls Mar	Puts Oct	Puts Nov	Puts Dec	Puts Mar
9700	0.34	0.64	0.85	0.86	0.28	0.58	0.79	1.78
9750	0.12	0.40	0.60	0.68	0.56	0.84	1.04	2.10
9800	0.03	0.23	0.41	0.52	0.97	1.17	1.35	2.44

Est. vol. total, Calls 10100 Puts 12829. Previous day's open int., Calls 120245 Puts 126519

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	116.55	116.91	+0.40	116.98	116.42	52386	59895
Mar		116.41	+0.40			0	0

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
11650	1.65	2.07	1.24	2.16
11700	1.33	1.84	1.42	2.43
11750	1.09	1.62	1.68	2.71

Est. vol. total, Calls 4133 Puts 3496. Previous day's open int., Calls 63098 Puts 83095

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	102.32	102.33	+0.25	102.75	102.13	90,563	45,953
Dec	101.80	101.82	+0.24	102.20	101.68	11,427	25,054

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	107-07	107-06	-	107-11	107-04	1356	32183
Dec	106-17	106-17	-	106-22	106-12	39883	99251

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Oct	Calls Nov	Calls Dec	Calls Mar	Puts Oct	Puts Nov	Puts Dec	Puts Mar
106	0-49	1-10	1-33	1-55	0-15	0-40	0-63	2-01
107	0-14	0-41	0-63	1-27	0-44	1-07	1-29	2-37
108	0-03	0-20	0-38	1-04	1-33	1-60	2-04	3-14

Est. vol. total, Calls 1514 Puts 2651. Previous day's open int., Calls 19470 Puts 15885

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	92.30	92.62	+0.26	92.66	92.30	14,602	27,923
Dec	90.46	90.70	+0.24	90.72	90.40	143	5,460

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	107-10	107-03	-0-03	107-10	106-29	40,441	102,811
Dec	106-22	106-18	-0-03	106-27	106-12	340,643	324,992
Mar	106-05	106-07	-0-02	106-08	106-00	3,636	14,518

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	121.46			121.49	121.26	2581	na

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Wed Sep 11	Day's change %	Tue Sep 10	Accrued interest	xd adj. ytd		Low coupon yield Sep 11	Sep 10	Yr. ago	Medium coupon yield Sep 11	Sep 10	Yr. ago	High coupon yield Sep 11	Sep 10	Yr. ago
1 Up to 5 years (22)	121.70	0.01	121.69	2.25	7.05	5 yrs	7.20	7.20	7.33	7.28	7.27	7.35	7.33	7.32	7.42
2 5-15 years (20)	147.74	-0.04	147.80	3.05	7.20	15 yrs	8.12	8.10	7.88	8.13	8.12	7.91	8.13	8.12	8.00
3 Over 15 years (8)	160.90	-0.06	160.99	2.85	8.84	20 yrs	8.22	8.20	7.92	8.21	8.20	7.94	8.23	8.20	8.02
4 Irredeemables (6)	185.19	-0.41	185.95	4.14	7.36	Irred.†	8.26	8.22	8.03						
5 All stocks (56)	142.30	-0.03	142.34	2.76	7.51										

Index-linked							Inflation 5% Sep 11	Sep 10	Yr. ago	Inflation 10% Sep 11	Sep 10	Yr. ago
6 Up to 5 years (1)	200.51	0.01	200.49	3.37	4.43	Up to 5 yrs	2.11	2.10	2.71	0.52	0.60	0.99
7 Over 5 years (11)	189.06	-0.03	189.11	1.28	3.43	Over 5 yrs	3.71	3.70	3.51	3.51	3.50	3.32
8 All stocks (12)	189.19	-0.03	189.24	1.32	3.44							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Sep 11	Sep 10	Sep 9	Sep 6	Sep 5	Yr ago	High*	Low*
Govt. Secs. (UK)	92.86	92.76	92.83	92.79	92.92	94.81	96.34	91.59
Fixed Interest	112.87	113.07	112.96	112.97	113.00	113.22	115.23	110.74

* for 1996. Government Securities high since compilation: 127.4 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Sep 10	Sep 9	Sep 6	Sep 5	Sep 4
Gilt Edged bargains	86.3	74.9	77.0	65.2	71.2
5-day average	74.9	74.0	71.0	71.0	77.3

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on September 11

	Issued	Bid	Offer	Chg	Yield
U.S. DOLLAR STRAIGHTS					
[illegible]					

UK GILTS PRICES

	Notes	Yield Int	Yield Red	Price £	+ or –	52 week High	52 week Low
Shorts (Lives up to Five Years)							
[illegible]							

Other Fixed Interest

[illegible]

مصور من الأصل

CURRENCIES AND MONEY

MARKETS REPORT

Profit-taking puts brake on dollar's rise

By Richard Adams

The US dollar crept up against the D-Mark and the Japanese yen on the foreign exchange markets in London yesterday, but its rise was dampened by traders taking profits after Tuesday's big jump.

Much of the market's attention was on the release of the US Federal Reserve's Beige Book, an anecdotal description of business and economic conditions in the US, and on possible clues regarding the Fed's next interest rate move.

In London the dollar closed against the D-Mark at DM1.5098, after trading within very tight ranges between DM1.5096 and DM1.5100. The dollar had closed at DM1.5080 the previous day.

Against the yen the dollar made a healthier move upwards, closing at Y110.250 from Y109.895.

Early reaction to the release of the Beige Book data, which was published after the close of trading in London, was mixed. In early trading there was a test of support for the dollar against the D-Mark at DM1.5060, as profit-taking, rather than the economic data, continued to move the market.

In London, sterling had slipped back against the dollar, to finish at $1.5547 from $1.5567. Against the D-Mark the pound was almost immobile, losing one tick from the previous day to end at DM2.3474.

The major European cross-currency rates moved little during the day, with most of the day's action being seen in dollar trades. One dealer said that, aside from Tuesday's brief flurry, he could not remember a week as quiet as this one for a considerable period.

■ In London the dollar stumbled in trading during the afternoon. This came after Tuesday's extended rally on technical trading against the D-Mark and the yen saw it gain two pfennigs and a yen in value, compared with the start of the week.

But during the day it broke through the important Y110 level for the first time since July and overcame a strong resistance level at DM1.5120. By late afternoon it had returned below DM1.51 and was off highs against the yen.

Analysts at 4Cast, the London-based economic forecasting group, said that technical studies suggested the dollar-yen rally was slowing down, with perhaps one more attempt likely at breaking resistance at Y110.50. Other analysts agreed there was little reason to expect a sustained dollar rally against the yen.

■ The Fed's Beige Book survey cited greater upward pressure on wages than prices, but called the signs of inflation "inconclusive."

Analysts in New York said the market paid attention to the Fed's view of US employment, after recent remarks by Fed officials.

The upturn in the US economy could lead to falls in unemployment and increasing pressure on wages. Some analysts fear this could mean the Fed will decide to raise interest rates at its next Federal open market committee (FOMC) meeting on September 24.

The survey characterized business activity as good, and said it was expanding moderately. In contrast to its previous descriptions of regional employment tightness as "scattered," the Fed said there were pockets of rising employment demand in many districts, and said it was broad-based in a few.

The Fed said none of its regional offices saw inflation pressures ebbing.

The market's next focus before the FOMC meeting will be on the release of the core consumer price index tomorrow, which excludes food and energy prices, for any further signs of inflation. Earlier this week a "source" claimed that core CPI was a key indicator in the Fed's view.

But Mr Robin Aspinall, chief economist at the National Australia Bank in London, said the core CPI figure is usually very stable. "It would take a rise of more than 0.3 per cent for alarm bells to ring," he said.

■ Pound in New York

Sep 11	Latest	Prev. close
£ spot	1.5550	1.5545
1 mth	1.5546	1.5541
3 mth	1.5545	1.5540
1 yr	1.5575	1.5571

■ OTHER CURRENCIES

Sep 11	£	$
Czech	41.3277 - 41.3854	26.5910 - 26.6110
Hungary	238.212 - 238.443	153.270 - 153.320
Iran	4665.00 - 4682.00	3005.00 - 3009.00
Kuwait	0.4663 - 0.4667	0.3000 - 0.3001
Poland	4.2297 - 4.3281	2.7800 - 2.7830
Russia	8355.39 - 8365.42	5376.00 - 5378.00
U.A.E.	5.7078 - 5.7122	3.6725 - 3.6730

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POUND SPOT FORWARD AGAINST THE POUND

Sep 11		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.5175	-0.0008	095 - 254	16.5654	16.4929	16.4862	2.3	16.4112	2.5	-	-	105.1
Belgium	(BFr)	48.3812	+0.0156	045 - 978	48.4850	48.2960	48.2562	2.4	48.0662	2.4	47.2962	2.2	105.8
Denmark	(DKr)	9.0422	-0.0051	377 - 466	9.0762	9.0362	9.0284	1.8	9.0081	1.5	8.9003	1.5	107.8
Finland	(FM)	7.0966	-0.0145	906 - 029	7.1260	7.0966	7.0924	0.7	7.0845	0.7	-	-	88.0
France	(FFr)	8.0114	+0.0032	080 - 147	8.0425	8.0013	7.9972	2.1	7.9732	1.9	7.8868	1.6	108.4
Germany	(DM)	2.3473	-0.0001	462 - 484	2.3550	2.3431	2.3424	2.5	2.3327	2.5	2.2906	2.4	108.7
Greece	(Dr)	373.610	-0.033	397 - 823	374.461	372.399	-	-	-	-	-	-	67.2
Ireland	(I£)	0.9663	+0.0004	653 - 672	0.9677	0.9650	0.9658	0.6	0.9646	0.7	0.9601	0.6	100.2
Italy	(L)	2357.42	+1.39	585 - 898	2372.59	2353.44	2372.97	-2.6	2382.82	-2.6	2415.32	-2.0	77.1
Luxembourg	(LFr)	48.3812	+0.0156	045 - 978	48.4850	48.2960	48.2562	2.4	48.0662	2.4	47.2962	2.2	105.8
Netherlands	(Fl)	2.6303	+0.0005	289 - 317	2.6401	2.6266	2.6242	2.8	2.6122	2.7	2.5643	2.5	107.0
Norway	(NKr)	10.0948	-0.0044	900 - 995	10.1339	10.0181	10.0563	1.0	10.0693	1.0	9.9558	1.1	98.7
Portugal	(Es)	240.310	+0.161	186 - 434	240.904	239.883	240.735	-2.1	241.84	-2.2	-	-	95.4
Spain	(Pta)	198.115	+0.272	021 - 210	198.552	197.811	198.375	-1.6	198.89	-1.6	200.29	-1.1	80.5
Sweden	(SKr)	10.4168	-0.043	068 - 268	10.5037	10.4004	10.4171	0.0	10.4172	0.0	10.5037	0.0	88.9
Switzerland	(SFr)	1.9177	-0.002	163 - 191	1.9261	1.9147	1.9127	3.1	1.9018	3.3	1.8537	3.3	111.9
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	88.1
Ecu	-	1.2398	-0.0002	381 - 404	1.2431	1.2386	1.2386	1.3	1.2365	1.4	1.2222	1.4	-
SDR†	-	1.07219	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5545	-0.0023	539 - 550	1.5570	1.5535	-	-	-	-	-	-	-
Brazil	(R$)	1.5931	-0.0044	923 - 938	1.5956	1.5917	-	-	-	-	-	-	-
Canada	(C$)	2.1322	-0.0015	311 - 333	2.1356	2.1300	2.1315	0.4	2.1279	0.8	2.1198	0.6	84.0
Mexico	(New Peso)	11.7427	+0.0118	311 - 542	11.7636	10.8814	-	-	-	-	-	-	-
USA	($)	1.5547	-0.002	542 - 552	1.5570	1.5533	1.5543	0.3	1.5542	0.1	1.5569	-0.1	97.2
Pacific/Middle East/Africa													
Australia	(A$)	1.9404	-0.0076	391 - 416	1.9477	1.9390	1.9429	-1.6	1.948	-1.6	1.9732	-1.7	94.7
Hong Kong	(HK$)	12.0212	-0.0152	171 - 253	12.0387	12.0117	12.0131	0.8	12.0015	0.7	11.9817	0.3	-
India	(Rs)	55.4252	-0.0695	964 - 539	55.7580	55.0640	-	-	-	-	-	-	-
Israel	(Shk)	4.9245	-	190 - 300	4.9300	4.9190	-	-	-	-	-	-	-
Japan	(Y)	171.408	+0.338	278 - 539	171.870	170.740	170.881	3.1	169.191	3.2	162.776	3.0	132.2
Malaysia	(M$)	3.8877	-0.0091	857 - 897	3.8979	3.8850	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.2291	-0.0118	276 - 306	2.2432	2.2287	2.2341	-2.7	2.2435	-2.6	2.2774	-2.2	109.7
Philippines	(Peso)	40.7721	-0.0439	245 - 396	40.9400	40.7026	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.8309	-0.0073	287 - 331	5.8395	5.8269	-	-	-	-	-	-	-
Singapore	(S$)	2.1929	+0.0042	914 - 944	2.1950	2.1884	-	-	-	-	-	-	-
South Africa	(R)	6.9690	-0.0243	628 - 751	6.9909	6.9602	-	-	-	-	-	-	-
South Korea	(Won)	1277.19	-3.39	662 - 775	1281.23	1275.20	-	-	-	-	-	-	-
Taiwan	(T$)	42.7426	-0.0622	265 - 587	42.8217	42.7119	-	-	-	-	-	-	-
Thailand	(Bt)	39.4508	-0.0339	301 - 710	39.5090	39.4170	-	-	-	-	-	-	-

† Rates for Sep 10. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Sep 11		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan Index
Europe													
Austria	(Sch)	10.6242	+0.0127	225 - 259	10.6570	10.6020	10.6047	2.2	10.5627	2.3	10.3792	2.3	104.9
Belgium	(BFr)	31.1000	+0.049	800 - 200	31.2000	31.0600	31.045	2.1	30.9375	2.1	30.435	2.1	106.5
Denmark	(DKr)	5.8160	+0.004	150 - 170	5.8389	5.8080	5.8086	1.5	5.7915	1.7	5.7225	1.6	107.1
Finland	(FM)	4.5647	-0.0036	622 - 672	4.5845	4.5525	4.5592	1.7	4.5482	1.6	4.5007	1.4	84.2
France	(FFr)	5.1530	+0.0085	525 - 535	5.1730	5.1435	5.1454	1.6	5.1315	1.7	5.0625	1.8	107.8
Germany	(DM)	1.5098	+0.0018	095 - 100	1.5155	1.5067	1.5071	2.1	1.5013	2.2	1.4741	2.4	108.1
Greece	(Dr)	240.310	+0.28	260 - 370	240.990	239.300	241.885	-8.4	245.335	-8.4	259.31	-7.9	66.7
Ireland	(I£)	1.6090	-0.0026	080 - 100	1.6110	1.6060	1.6096	-0.4	1.6104	-0.4	1.6019	0.4	-
Italy	(L)	1522.75	+2.8	225 - 325	1526.82	1518.36	1527.5	-3.7	1535.55	-3.4	1558.4	-2.3	76.7
Luxembourg	(LFr)	31.1000	+0.049	800 - 200	31.2000	31.0550	31.045	2.1	30.9375	2.1	30.435	2.1	106.5
Netherlands	(Fl)	1.6919	+0.0025	915 - 922	1.6972	1.6890	1.6885	2.4	1.6814	2.3	1.6497	2.5	106.5
Norway	(NKr)	6.4738	+0.0033	728 - 748	6.5220	6.4410	6.4708	0.5	6.4653	0.5	6.4268	0.7	98.0
Portugal	(Es)	154.570	+0.31	540 - 600	155.020	154.300	154.895	-2.4	155.475	-2.3	157.82	-2.0	95.5
Spain	(Pta)	127.430	+0.335	410 - 450	127.750	127.200	127.68	-2.4	128.11	-2.1	129.85	-1.7	80.3
Sweden	(SKr)	6.7002	-0.0192	950 - 045	6.7352	6.6857	6.6993	0.2	6.7016	-0.1	6.6767	0.4	88.1
Switzerland	(SFr)	1.2335	+0.0003	330 - 340	1.2380	1.2305	1.23	3.5	1.2225	3.6	1.189	3.6	111.3
UK	(£)	1.5547	-0.002	542 - 552	1.5570	1.5533	1.5543	0.3	1.5542	0.1	1.5569	-0.1	85.7
Ecu	-	1.2541	-0.0019	538 - 543	1.2557	1.2497	1.2549	-0.7	1.2565	-0.8	1.2653	-0.9	-
SDR†	-	0.69013	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9998	-0.0002	998 - 999	0.9999	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.0183	-0.0022	181 - 184	1.0186	1.0180	-	-	-	-	-	-	-
Canada	(C$)	1.3715	+0.0008	712 - 717	1.3721	1.3705	1.3713	0.1	1.3716	0.0	1.3744	-0.2	83.3
Mexico	(New Peso)	7.5530	+0.017	480 - 580	7.5580	7.5480	7.7145	-25.7	7.8995	-18.4	9.663	-27.9	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	97.9
Pacific/Middle East/Africa													
Australia	(A$)	1.2480	-0.0034	477 - 484	1.2509	1.2469	1.25	-1.9	1.2535	-1.8	1.2722	-1.9	95.9
Hong Kong	(HK$)	7.7322	-0.0001	320 - 323	7.7325	7.7320	7.7329	-0.1	7.7347	-0.1	7.7617	-0.4	-
India	(Rs)	35.6500	-	500 - 500	35.8500	35.4500	35.8	-5.0	36.105	-5.1	37.575	-5.4	-
Israel	(Shk)	3.1675	+0.004	650 - 700	3.1700	3.1633	-	-	-	-	-	-	-
Japan	(Y)	110.250	+0.355	200 - 300	110.400	109.800	109.805	4.8	108.905	4.9	105.165	4.6	133.0
Malaysia	(M$)	2.5006	-0.0027	001 - 011	2.5047	2.5000	2.5015	-0.4	2.5078	-1.1	2.5311	-1.2	-
New Zealand	(NZ$)	1.4337	-0.0058	333 - 343	1.4478	1.4330	1.4368	-2.6	1.4426	-2.5	1.4672	-2.3	-
Philippines	(Peso)	26.2250	+0.005	800 - 600	26.2650	26.1900	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-	503 - 507	3.7508	3.7503	3.751	-0.1	3.7517	-0.1	3.755	-0.1	-
Singapore	(S$)	1.4105	+0.0045	100 - 110	1.4110	1.4077	1.407	3.0	1.401	2.7	1.3755	2.5	-
South Africa	(R)	4.4825	-0.01	800 - 850	4.4850	4.4800	4.53	-12.7	4.62	-12.3	4.8575	-10.6	-
South Korea	(Won)	821.500	-1.15	400 - 600	823.200	820.500	-	-	-	-	-	-	-
Taiwan	(T$)	27.4925	-0.0055	910 - 940	27.5080	27.4900	27.4975	-0.2	27.5025	-0.1	-	-	-
Thailand	(Bt)	25.3750	+0.01	700 - 800	25.3800	25.3650	25.4737	-4.7	25.6775	-4.8	26.56	-4.7	-

† SDR rate per $ for Sep 10. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Sep 10: Base average 1990=100.

WORLD INTEREST RATES

MONEY RATES

September 11	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3¼	3¼	3⅜	3⅜	3⅜	6.00	2.50	-
week ago	3¼	3¼	3⅜	3⅜	3⅜	6.00	2.50	-
France	3⅜	3⅞	3⅞	3⅞	4⅛	3.35	-	4.75
week ago	3⅜	3⅞	3⅞	4⅛	4⅞	3.35	-	4.75
Germany	3¼	3¼	3¼	3¼	3⅜	4.50	2.50	3.00
week ago	3¼	3¼	3¼	3¼	3¼	4.50	2.50	3.00
Ireland	5¾	5⅝	5⅝	5⅝	6⅛	-	-	6.25
week ago	5¾	5⅝	5⅝	5⅝	6⅛	-	-	6.25
Italy	8⅝	8⅝	8⅝	8¼	8⅛	-	8.25	8.56
week ago	8⅝	8⅝	8⅝	8½	8⅝	-	8.25	8.56
Netherlands	2⅝	2⅝	2⅝	2⅝	3⅛	-	3.00	3.30
week ago	2⅝	2⅝	2⅝	2⅝	3¼	-	3.00	3.30
Switzerland	1¾	1⅞	2¼	2¼	2¼	-	1.50	-
week ago	1⅞	1⅞	2¼	2⅛	2¼	-	1.50	-
US	5¼	5⅝	5⅝	5⅝	6⅛	-	5.00	-
week ago	5¼	5⅜	5⅝	5⅝	6⅜	-	5.00	-
Japan	⅛	½	½	⅝	⅞	-	0.50	-
week ago	⅛	½	½	½	⅝	-	0.50	-
$ LIBOR FT London								
Interbank Fixing	-	5⅜	5⅝	5⅞	6⅜	-	-	-
week ago	-	5⅜	5⅝	5⅞	6¼	-	-	-
US Dollar CDs	-	5.18	5.34	5.50	5.82	-	-	-
week ago	-	5.18	5.33	5.50	5.86	-	-	-
ECU Linked Ds	-	4⅜	4⅜	4⅝	4⅞	-	-	-
week ago	-	4⅜	4⅜	4⅝	4¾	-	-	-
SDR Linked Ds	-	3⅜	3⅜	3⅞	3⅝	-	-	-
week ago	-	3⅜	3⅜	3⅞	3⅝	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.

Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Sep 11	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3¼ - 3⅛	3¼ - 3⅛	3¼ - 3	3⅜ - 3¼	3¼ - 3⅛	3⅞ - 3⅜
Danish Krone	3¾ - 3⅝	3⅞ - 3⅝	3⅞ - 3⅝	3⅞ - 3¾	4 - 3⅞	4⅛ - 4⅛
D-Mark	3 - 2⅞	3⅛ - 3	3⅛ - 3	3⅜ - 3⅛	3⅜ - 3⅛	3⅞ - 3⅜
Dutch Guilder	2⅞ - 2⅞	2⅞ - 2⅞	2⅞ - 2⅞	2⅞ - 2⅞	2⅞ - 2⅞	3⅛ - 3⅛
French Franc	3⅞ - 3⅝	3⅞ - 3⅝	3⅝ - 3½	3⅞ - 3⅞	3⅞ - 3⅞	4⅛ - 3⅞
Portuguese Esc.	6⅞ - 6⅞	7⅜ - 7⅛	7⅛ - 7½	7⅝ - 7⅛	7⅛ - 7⅛	7⅛ - 7⅛
Spanish Peseta	7⅛ - 7⅛	7⅛ - 7⅛	7⅛ - 7⅛	7⅞ - 7⅛	7⅛ - 6⅞	7⅛ - 6⅞
Sterling	5⅞ - 5⅝	5⅞ - 5⅝	5⅞ - 5⅝	5⅞ - 5⅞	5⅞ - 5¼	6⅛ - 6
Swiss Franc	1¾ - 1⅝	1⅞ - 1⅞	2 - 1⅞	2⅛ - 2	2⅛ - 2⅛	2⅜ - 2⅛
Can. Dollar	4 - 3⅞	4⅛ - 3⅞	4⅛ - 3⅞	4⅛ - 4⅛	4⅛ - 4⅛	4⅞ - 4⅞
US Dollar	5⅜ - 5¼	5⅜ - 5	5⅜ - 5⅛	5⅝ - 5⅞	5⅞ - 5⅞	6⅞ - 6
Italian Lira	8⅝ - 8	8⅝ - 8⅜	8⅝ - 8⅜	8⅞ - 8⅞	8⅞ - 8¼	8⅞ - 8⅞
Yen	½ - ⅜	½ - ⅜	½ - ⅜	½ - ½	⅝ - ½	⅞ - ⅞
Asian $Sing	2⅞ - 2⅞	2⅞ - 2⅞	3 - 2⅞	3⅛ - 3	3⅜ - 3⅛	3⅞ - 3⅜

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF)Paris Interbank offered rate (FFr 5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	96.12	96.15	+0.02	96.16	96.11	13,554	40,349
Dec	95.97	96.00	+0.01	96.03	95.95	17,577	55,885
Mar	95.97	96.00	+0.01	96.02	95.96	443	38,252

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	96.84	96.87	+0.03	96.87	96.84	20018	153953
Dec	96.76	96.77	+0.01	96.78	96.74	22813	221653
Mar	96.61	96.62	+0.01	96.64	96.59	17449	207793
Jun	96.41	96.41	+0.01	96.43	96.37	18479	153751

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	91.52	91.58	+0.06	91.58	91.51	11553	34718
Dec	91.96	91.98	+0.01	92.01	91.95	17579	52849
Mar	92.25	92.29	+0.03	92.30	92.24	2706	26807
Jun	92.36	92.40	+0.03	92.40	92.36	1436	21262

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	97.86	97.89	+0.04	97.89	97.86	1948	22351
Dec	97.82	97.84	+0.02	97.84	97.81	3606	40825
Mar	97.66	97.69	+0.03	97.69	97.68	1906	15260
Jun	97.43	97.47	+0.03	97.48	97.43	850	5415

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	99.45	99.45	-	99.45	99.45	451	na
Dec	99.27	99.27	-	99.27	99.27	67	na
Mar	99.07	99.07	-0.01	99.07	99.07	125	na

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	95.70	95.72	+0.01	95.73	95.69	594	8348
Dec	95.68	95.70	+0.01	95.71	95.68	710	8848
Mar	95.60	95.62	-	95.62	95.60	181	3277
Jun	95.44	95.46	+0.01	95.44	95.43	151	3019

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Sep 11		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.70	16.57	4.854	1.998	4896	5.440	20.81	497.0	409.7	21.55	3.967	2.068	4.410	3.216	354.7	2.565
Denmark	(DKr)	53.47	10	8.860	2.596	1.068	2618	2.909	11.13	265.8	219.1	11.52	2.121	1.106	2.358	1.720	189.7	1.371
France	(FFr)	60.35	11.29	10	2.930	1.206	2955	3.283	12.56	300.0	247.3	13.01	2.394	1.248	2.661	1.941	214.1	1.548
Germany	(DM)	20.60	3.853	3.413	1	0.412	1009	1.121	4.286	102.4	84.41	4.440	0.817	0.426	0.908	0.663	73.07	0.528
Ireland	(I£)	50.05	9.360	8.293	2.430	1	2450	2.723	10.41	248.8	205.1	10.79	1.986	1.035	2.207	1.610	177.5	1.284
Italy	(L)	2.043	0.382	0.338	0.099	0.041	100.	0.111	0.425	10.15	8.369	0.440	0.081	0.042	0.090	0.066	7.245	0.052
Netherlands	(Fl)	18.38	3.438	3.046	0.892	0.367	900.0	1	3.825	91.37	75.32	3.962	0.729	0.380	0.811	0.591	65.21	0.471
Norway	(NKr)	48.06	8.988	7.963	2.333	0.960	2353	2.614	10	238.9	196.9	10.36	1.907	0.994	2.119	1.546	170.5	1.233
Portugal	(Es)	20.12	3.763	3.334	0.977	0.402	985.0	1.094	4.186	100.	82.44	4.336	0.798	0.416	0.887	0.647	71.37	0.516
Spain	(Pta)	24.41	4.564	4.044	1.185	0.488	1195	1.328	5.078	121.3	100.	5.260	0.968	0.505	1.076	0.785	86.57	0.626
Sweden	(SKr)	46.40	8.678	7.688	2.252	0.927	2272	2.524	9.655	230.6	190.1	10	1.841	0.960	2.046	1.492	164.6	1.190
Switzerland	(SFr)	25.21	4.714	4.177	1.224	0.504	1234	1.371	5.245	125.3	103.3	5.433	1	0.521	1.112	0.811	89.42	0.647
UK	(£)	48.35	9.042	8.011	2.347	0.966	2367	2.630	10.06	240.3	198.1	10.42	1.918	1	2.132	1.555	171.5	1.240
Canada	(C$)	22.68	4.241	3.758	1.101	0.453	1110	1.234	4.719	112.7	92.92	4.887	0.900	0.469	1	0.729	80.44	0.582
US	($)	31.09	5.815	5.152	1.509	0.621	1522	1.691	6.469	154.5	127.4	6.701	1.233	0.643	1.371	1	110.3	0.797
Japan	(Y)	28.19	5.272	4.671	1.369	0.563	1380	1.534	5.866	140.1	115.5	6.076	1.118	0.583	1.243	0.907	100.	0.723
Ecu		38.99	7.292	6.460	1.893	0.779	1909	2.121	8.113	193.8	159.8	8.403	1.547	0.806	1.719	1.254	138.3	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.6824	0.6841	+0.0022	0.6841	0.6802	14,774	40,607
Dec	0.6662	0.6682	+0.0022	0.6692	0.6648	40,543	37,958
Mar	0.6712	0.6727	+0.0019	0.6727	0.6712	126	1,111

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.8106	0.8134	+0.0041	0.8134	0.8072	9,164	23,354
Dec	0.8166	0.8202	+0.0039	0.8202	0.8150	36,066	25,994
Mar	0.8266	0.8265	+0.0025	0.8270	0.8265	23	858

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.9106	0.9082	-0.0032	0.9107	0.9063	25,956	45,636
Dec	0.9234	0.9200	-0.0033	0.9236	0.9183	43,322	55,952
Mar	0.9325	0.9326	-0.0032	0.9326	0.9323	197	782

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	1.5552	1.5560	+0.0010	1.5580	1.5536	12,935	36,155
Dec	1.5546	1.5556	+0.0010	1.5564	1.5532	16,237	33,558
Mar	-	1.5560	+0.0002	1.5560	1.5550	41	45

UK INTEREST RATES

LONDON MONEY RATES

Sep 11	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6¼ - 5⅝	5¹³⁄₁₆ - 5⅛	5¾ - 5⅝	5¹³⁄₁₆ - 5¹¹⁄₁₆	5⅞ - 5¾	6⅛ - 6
Sterling CDs	-	-	5¾ - 5¹¹⁄₁₆	5¾ - 5½	5¾ - 5¹¹⁄₁₆	5²⁹⁄₃₂ - 5²⁷⁄₃₂
Treasury Bills	-	-	5²¹⁄₃₂ - 5¹⁹⁄₃₂	5⅝ - 5½	-	-
Bank Bills	-	-	5²¹⁄₃₂ - 5⅝	5⅝ - 5¹⁹⁄₃₂	5⅝ - 5⁹⁄₁₆	-
Local authority deps.	5⅝ - 5½	5¹¹⁄₁₆ - 5⅝	5¹¹⁄₁₆ - 5⅝	5¾ - 5⅝	6¼ - 5⅝	5¹⁵⁄₁₆ - 5¹³⁄₁₆
Discount Market deps	6 - 5¹¹⁄₁₆	5¾ - 5⅝	-	-	-	-

UK clearing bank base lending rate 5¾ per cent from June 6, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc. Ave. tender rate of discount on Sep 6, 5.5345pc. ECGD fixed rate Stg. Export Finance. Make up day Aug 30, 1996. Agreed rate for period Sep 25, 1996 to Oct 25, 1996, Schemes II & III 7.07pc. Reference rate for period Aug 1, 1996 to Aug 30, 1996, Schemes IV & V 5.925pc. Finance House Base Rate 6pc from Aug 1, 1996

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.18	94.17	-0.01	94.18	94.16	4877	63287
Dec	94.18	94.18	-0.01	94.18	94.16	11085	110987
Mar	93.99	94.00	-	94.00	93.97	8444	63969
Jun	93.64	93.66	+0.01	93.66	93.62	5444	70332
Sep	93.28	93.30	-	93.31	93.26	2687	40130

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Sep	CALLS Dec	CALLS Mar	PUTS Sep	PUTS Dec	PUTS Mar
9400	0.17	0.25	0.23	0	0.07	0.23
9425	0.01	0.09	0.11	0.09	0.16	0.36
9450	0	0.02	0.05	0.33	0.34	0.55

Est. vol. total, Calls 480 Puts 1951. Previous day's open int., Calls 159865 Puts 154327

EMS EUROPEAN CURRENCY UNIT RATES

Sep 11	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Spain	162.493	161.305	+0.349	-0.73	2.55	5
Ireland	0.792214	0.786965	-0.000799	-0.66	2.48	4
Netherlands	2.15214	2.14030	+0.00079	-0.55	2.37	4
Portugal	195.792	195.505	+0.133	-0.15	1.95	1
Belgium	39.3960	39.3385	+0.0078	-0.15	1.95	1
Germany	1.91007	1.90947	+0.00051	-0.03	1.84	0
Austria	13.4383	13.4372	+0.0041	-0.01	1.81	0
Denmark	7.28580	7.36248	+0.00127	1.05	0.74	-7
France	6.40608	6.52170	+0.00204	1.80	0.00	-15
NON ERM MEMBERS						
Greece	292.867	303.945	-0.056	3.78	-1.91	-
Italy	2106.15	1926.13	-0.58	-8.55	11.32	-
UK	0.786652	0.814189	-0.002074	3.50	-1.64	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.

(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Sep	CALLS Oct	CALLS Nov	PUTS Sep	PUTS Oct	PUTS Nov
1.540	1.38	1.72	2.16	-	0.32	0.78
1.550	0.50	1.06	1.56	0.07	0.66	1.16
1.560	0.12	0.58	1.06	0.62	1.18	1.66
1.570	0.06	0.27	0.71	1.57	1.86	2.30
1.580	0.05	0.08	0.43	2.51	-	-

Previous day's vol., Calls 11,475 Puts 15,078. Prev. day's open int., Calls 172,376 Puts 158,300

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	94.34	94.33	-	94.34	94.33	50,784	320,396
Dec	93.94	93.91	-0.03	93.94	93.90	98,142	476,553
Mar	93.77	93.74	-0.03	93.78	93.72	119,940	338,921

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	94.85	94.84	-0.01	94.85	94.84	3,080	3,170
Dec	94.51	94.51	-0.03	94.52	94.50	211	3,842
Mar	94.33	94.33	-0.03	94.33	94.33	100	1,289

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Sep	CALLS Oct	CALLS Nov	CALLS Dec	PUTS Sep	PUTS Oct	PUTS Nov	PUTS Dec
9675	0.12	0.07	0.09	0.11	0	0.05	0.07	0.09
9700	0	0.01	0.02	0.02	0.13	0.24	0.25	0.25
9725	0	0	0	0	0.38	0.48	0.48	0.48

Est. vol. total, Calls 44043 Puts 2356. Previous day's open int., Calls 424913 Puts 357867

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Sep	CALLS Dec	CALLS Mar	PUTS Sep	PUTS Dec	PUTS Mar
9800	0.01	0.09	0.13	0.12	0.25	0.44
9825	0	0.04	0.06	0.35	0.45	0.62

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 9423 Puts 8460

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Sep	CALLS Dec	CALLS Mar	PUTS Sep	PUTS Dec	PUTS Mar
9150	0.09	0.56	0.89	0.01	0.08	0.10
9175	0.01	0.38	0.70	0.18	0.15	0.16
9200	0	0.24	0.52	0.42	0.26	0.23

Est. vol. total, Calls 5481 Puts 2871. Previous day's open int., Calls 85058 Puts 45603

BASE LENDING RATES

	%		%		%
Adam & Company	5.75	Cyprus Popular Bank	5.75	NatWestminster	5.75
Allied Trust Bank	5.75	Duncan Lawrie	5.75	●Rea Brothers	5.75
AIB Bank	5.75	Exeter Bank Limited	6.75	Royal Bk of Scotland	5.75
●Henry Ansbacher	5.75	Financial & Gen Bank	7.00	●Singer & Friedlander	5.75
Bank of Baroda	5.75	●Robert Fleming & Co	5.75	●Smith & Williamson Secs	5.75
Banco Bilbao Vizcaya	5.75	Girobank	5.75	Scottish Widows Bank	5.75
Bank of Cyprus	5.75	●Guinness Mahon	5.75	TSB	5.75
Bank of Ireland	5.75	Habib Bank AG Zurich	5.75	United Bank of Kuwait	5.75
Bank of India	5.75	●Hambros Bank	5.75	Unity Trust Bank Plc	5.75
Bank of Scotland	5.75	Heritable & Gen Inv Bk	5.75	Western Trust	5.75
Barclays Bank	5.75	●Hill Samuel	5.75	Whiteaway Laidlaw	5.75
Brit Bk of Mid East	5.75	C. Hoare & Co	5.75	Yorkshire Bank	5.75
●Brown Shipley & Co Ltd	5.75	Hongkong & Shanghai	5.75		
Citibank NA	5.75	Julian Hodge Bank	5.75		
Clydesdale Bank	5.75	●Leopold Joseph & Sons	5.75		
The Co-operative Bank	5.75	Lloyds Bank	5.75		
Coutts & Co	5.75	Midland Bank	5.75		
Credit Lyonnais	5.75	*Mount Credit Corp	6.00		

● Members of London Investment Banking Association

* In administration

THE BATAVIA FUND LIMITED (the "Company")

To the holders of Warrants IDRs

Your attention is drawn to your right to subscribe for ordinary shares of USD 0.01 each of the Company ("Ordinary Shares") on the basis of 200 ordinary shares for every Warrant IDR held. This right may be exercised in the manner set out below between 17th September 1996 and 16th October 1996 (the "1996" Subscription Period).

In order to determine whether or not to exercise your subscription right this year, it may be of assistance to know that the net asset value per share for the Ordinary Shares on 6th September 1996 was USD 14.02.

Application will be made to the Irish Stock Exchange Limited for the Ordinary Shares allotted pursuant the exercise of the subscription rights to be admitted to the Official List.

In order to exercise your subscription rights a request should be made to Morgan Guaranty Trust Company of New York, Brussels Office, as operator of the Euroclear System ("EUROCLEAR") or to Centrale de Livraison de Valeurs Mobilières SA ("CEDEL"), as appropriate, by completion of a Depositary Warrant Exercise Notice which may be obtained on request from EUROCLEAR or CEDEL, as appropriate, and delivery thereof to EUROCLEAR or CEDEL, as appropriate, on any Business Day within the 1996 Subscription Period, accompanied by effective payment of USD 2,300.00 per warrant IDR to be exercised.

Your attention is further drawn to the Condition 3(i) of the Warrants which in certain circumstances, will permit the Company after a subscription period to appoint a trustee to exercise such subscription rights as have not then been exercised, to sell in the market the new ordinary shares so subscribed and to distribute pro-rata the proceeds less certain costs to the persons entitled thereto. Subject to the foregoing, however, failure to exercise your subscription rights during the 1996 Subscription Period will not prejudice your subscription rights during the subscription periods in the years 1997 and 1998.

By order of the Board

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Avenue des Arts, 35

B-1040 Brussels

Belgium

JP Morgan

CREDIOP OVERSEAS BANK LIMITED

(Incorporated with limited liability in the Cayman Islands)

ITL 40,000,000,000

2.50 per cent. Guaranteed Notes due 1997

convertible at the holders' option into Floating Rate Notes

unconditionally and irrevocably guaranteed by

Consorzio di Credito per le Opere Pubbliche-Crediop

In accordance with Condition 8(c) of the terms and conditions of the above issue, the Issuer has notified the Fiscal Agent and the Fiscal Agent hereby notifies Noteholders, that the Conversion Rights referred to in Condition 8 will not be exercised.

Bankers Trust Company, London — Fiscal Agent

12th September, 1996

COMMODITIES AND AGRICULTURE

US cotton futures jump as farm agency cuts crop estimate

By Laurie Morse in Chicago

Cotton prices surged in New York yesterday after the US Department of Agriculture issued an unexpectedly bullish crop estimate for the current season. The agency surprised traders by sharply reducing its cotton production forecasts for three key states and correspondingly lowering its estimate for residual cotton supplies at the end of the US marketing year.

Trading in the New York Cotton Exchange's futures market was halted shortly after the opening when prices in the most active delivery months rallied $3 per 50,000lb contract, triggering exchange-imposed limits on further price advances.

The government's report, based on crop conditions September 1, estimated that US cotton production this year would be 17.9m 480-pound bales, down 4 per cent from August 1 estimates and nearly unchanged from last year's harvest.

Crop prospects in California deteriorated last month as high temperatures caused cotton plants to drop bolls, the agency said, and early-season dryness, combined with insect damage and boll rot, reduced yields in Louisiana and Arkansas. Very few analysts had expected the USDA's cotton production figure to fall below 18m bales.

At the same time, however, the USDA lowered its estimate of US cotton exports, as traders had expected.

Foreign sales have already begun to lag, and USDA now says exports will be 6.2m bales, down from its estimate of 6.6m last month, and well below last year's actual foreign sales of 7.7m bales. It said some of the export sales losses would be made up by a slight increase in domestic cotton use.

Carryover cotton stocks for the 1996-97 marketing year are now estimated at 3.6m bales, up sharply from last season's 2.6m, but down from the USDA's August estimate of 4m.

● The agriculture department also revised its production and ending stocks projections for the major US grains and oilseeds, issuing a generally more optimistic view of this season's harvest prospects. Grain prices, particularly wheat futures prices at the Chicago Board of Trade, slipped after the government statistics were released.

In late trading the December delivery wheat price at the CBoT was down by 12¼ cents at $4.40¼ a bushel. The December maize price was down 7¼ cents at $3.27 a bushel and the November soyabean contract was down 3½ cents at $8.03¼ a bushel.

World supplies of wheat are recovering, and the rebound prompted USDA to lower US wheat export estimates to 925m bushels, down from August's projection of 975m, and sharply below last year's 1.241bn bushels in foreign wheat sales.

The US spring wheat harvest, which is about to commence, is projected to be the second-largest on record, boosting the overall US wheat production estimate by 2 per cent from last month, to 2.3bn bushels. The US is expected to have 506m bushels remaining in farmers bins at the end of the marketing year, 100m more than the USDA's August forecast.

Sugar policy costs come under attack

By Alison Maitland

Protectionist sugar policies create staggering costs for consumers and distortions in world trade, according to a report published yesterday.

The report, by the Washington-based International Policy Council on Agriculture, Food and Trade, urges trade ministers to embark on reform of sugar policies at their first World Trade Organisation meeting in December.

It was launched in Geneva with a report calling for liberalisation of the dairy sector, which along with sugar is one of the main agricultural sectors left largely untouched by the Uruguay Round trade agreement.

"We feel these are two major world commodities which have been grossly neglected by the international trading partners," said Sir Michael Franklin of the IPC, an independent group of experts which advocates an open and efficient world food and agriculture system.

"It's high time that the WTO, which is going to review agricultural trade in a few years anyway, looked seriously at how we can remove these major distortions."

Sugar consumers are forced to pay artificially high prices in Japan, the US and Europe, says the paper. In the US, subsidies are estimated to cost the consumer $2bn a year.

EFFECTIVE SUBSIDIES FOR REFINED SUGAR

	%
Switzerland	85
Japan	71
EU	59
US	36
Hungary	35
Turkey	28
Canada	17
Australia	9
Poland	9
Czech Republic	-3

Source: OECD

The European soft drinks industry maintains that European Union consumers pay $6bn a year more than they would in a free market. While EU cereal prices have fallen almost 50 per cent in the past 15 years, sugar prices have risen 11 per cent.

Globally, sugar is one of the more highly protected products. But the cost of support regimes, which fall on the consumer rather than the taxpayer, is largely unseen because of the small proportion of retail food costs spent on sugar.

This does not mean the problem should be allowed to continue, insisted Sir Michael. "It's a real economic cost. Without this distortion, consumers would have more money to spend on other things."

Sugar subsidies also damage efficient producers elsewhere in the world who export on to the world market, says the report. About 25 per cent of world sugar production enters international trade – a higher proportion than for cereals or meat.

"It has been estimated that the losses incurred by developing countries due to the policies of the EU, the US and Japan amount to over $2bn a year, or approximately one-third of their entire export earnings from sugar."

Another estimate is that world raw sugar prices could have been 56 per cent higher over the past 12 years in the absence of US policies in the sector. US import quotas favour countries with which the US has historic and political ties at the expense of potentially more efficient producers.

The EU's protocol with African, Caribbean and Pacific (ACP) countries is based on historic links. Meanwhile, internal EU quotas "have frozen the pattern of production between member states, inhibiting the transfer of sugar production to the more efficient areas".

The report calls for a gradual reduction in high domestic support prices to world market levels. Temporary compensation should be paid to producers where necessary, but should be unrelated to production levels.

There should also be: reductions in tariffs, a progressive elimination of export subsidies and import quotas, and liberalisation of production quotas, leading to their elimination.

However, the report says safeguards should be built in to protect the interests of preferential sugar suppliers, such as ACP countries. If necessary, this should be provided for as a special case in WTO subsidy rules.

The dairy report calls for reform of the sector, notably in the EU, Canada and Japan, where support continues. It advocates lower tariffs on dairy products, higher minimum access levels, and the elimination of export and production subsidies. Again, temporary income support should be offered if industry restructuring is needed to achieve greater efficiency.

The paper says only 6 per cent of global milk production is traded on world markets. But 47 per cent of whole milk powder, 26 per cent of skimmed milk powder, 11 per cent of butter and 7 per cent of cheese enters world trade.

Sugar Policy in the Post-Uruguay Round Era. Dairy Policy in the Post-Uruguay Round Era: $20 each from IPC, 1616 P Street, NW, Suite 100, Washington, DC 20036. Tel (202) 328 5056. Fax: (202) 328 5133

Surge in Indian oil demand predicted

By Mark Nicholson in New Delhi

India's demand for hydrocarbon fuels rose by a record 10.8 per cent last year and is set for sustained annual growth of 7 to 8 per cent for the next several years, Mr T.R Baalu, the country's petroleum and natural gas minister said yesterday.

Mr Baalu told a state-backed conference on foreign direct investment that the country would require up to $150bn of investment in oil and gas exploration, refining, storage and distribution to meet estimated demand.

He said that demand for petroleum products, estimated at 81m tonnes this year, was likely to rise to 113m tonnes by 2001-2 and to reach 155m tonnes by 2006-7. India's refinery capacity would have accordingly to rise to 130m tones by 2001-2 and 170m tonnes by 2006-7. India's present annual refining capacity of 60m tonnes meets just 70 per cent of current needs.

Domestic production also satisfies only 50 per cent of the country's annual oil and gas demand, a proportion expected to drop to 30 per cent early next century in the absence substantial new finds.

The country has enjoyed limited success in either attracting interest from foreign oil companies or discovering new oil and gas fields, despite limited liberalisation of its heavily regulated and state-dominated oil and gas sector and fiscal incentives to private investors.

Upstream development, still overwhelmingly dominated by big state-run oil and gas corporations, has been partly opened to private sector participation during the past five years' economic reforms. However, foreign and private interest in the sector, both up and downstream, has been discouraged by the government's adherence to an "administered pricing mechanism" which fixes almost all fuel prices, subsidising prices to protect the poor. The lubricants market alone has been fully liberalised in India.

Mr Baalu said that the government accepted that it should move away from the currently administered pricing of almost all fuel products, saying "it is now felt that a market price should be adopted". However, he gave no timetable for any proposed price liberalisation, which oil ministry officials suggest is likely to be staged over several years.

The minister said that the government was also considering reforms to its present exploration licensing policy with a view to attracting further foreign investment, but gave no details. He also said that the government was "keen to attract" private and foreign investment in the production, transportation and distribution of natural gas.

Platinum mine project delayed

By Nikki Tait in Sydney

Delta Gold, the junior partner in the US$264m Hartley Platinum mine development in Zimbabwe, revealed yesterday that a delay had occurred in commissioning facilities at the processing plant.

The Australian gold miner, which earlier this year indicated that the mine development was ahead of schedule, said that the concentrate thickener tanks had developed leaks and that that milling, concentrating and smelting facilities could not come on stream until these had been repaired.

Delta added that it did not expect the commissioning delay to last more than two months, and said that it still expected the Hartley facilities to reach full production by June next year.

The Hartley project is owned jointly by BHP, the large Australian resources group with a 67 per cent stake, and Delta with the remaining 33 per cent. BHP, which is also the mine operator, is funding Delta's development costs under the terms of the joint venture agreement.

In its earlier June quarter report, Delta had also warned that underground development was being adversely affected because some expatriate mining staff had been required to leave the country because of visa irregularities. It said then that underground development had remained on schedule overall, but that the staff interruptions had reduced ore production, and delayed training of underground crews.

This, in turn, had pushed out the full production date for Hartley out from April to June next year.

Yesterday's warning came as Delta announced an after-tax profit of A$15.1m (US$12m) in the year to end-June, up from A$5.2m last time. Gold shipments rose by 31 per cent to 190,142 troy ounces. The average sale price was A$572 an ounce, taking sales revenues to A$108.8m, up by A$32.7m on the previous year.

Delta said that its share of shipments from the Kanowna Belle mine, in which it has a 50 per cent interest, was 76,218 ounces, and from Granny Smith (40 per cent), 113,924 ounces.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1407-08	1442-43
Previous	1432-33	1467.5-68
High/low	1410/1409.5	1462/1437
AM Official	1409-09.5	1445-45.5
Kerb close		1438-39
Open int.	201,150	
Total daily turnover	58,481	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1210-13	1245-50
Previous	1230-40	1265-70
High/low		1270/1245
AM Official	1200-10	1235-40
Kerb close		1240-45
Open int.	4,936	
Total daily turnover	1,134	

■ LEAD ($ per tonne)

Close	809-10	813-14
Previous	815-6	817-8
High/low	814	819/813
AM Official	814-15	818.5-19.5
Kerb close		814-15
Open int.	35,191	
Total daily turnover	6,475	

■ NICKEL ($ per tonne)

Close	7510-20	7615-20
Previous	7620-30	7720-25
High/low		7610/7610
AM Official	7540-42	7635-40
Kerb close		7630-40
Open int.	38,906	
Total daily turnover	11,032	

■ TIN ($ per tonne)

Close	6140-50	6195-200
Previous	6185-95	6240-45
High/low	6150/6140	6240/6190
AM Official	6135-45	6205-10
Kerb close		6200-10
Open int.	14,878	
Total daily turnover	3,132	

■ ZINC, special high grade ($ per tonne)

Close	983-84	1010-11
Previous	998-9	1025-26
High/low	990	1025/1008
AM Official	990-90.5	1016-16.5
Kerb close		1008-10
Open int.	67,161	
Total daily turnover	23,216	

■ COPPER, grade A ($ per tonne)

Close	1925-27	1913-14
Previous	1944-47	1932-33
High/low	1929/1926	1935/1905
AM Official	1928-29	1915-16
Kerb close		1915-16
Open int.	184,890	
Total daily turnover	55,091	

■ LME AM Official £/$ rate: 1.5546
LME Closing £/$ rate: 1.5546

Spot: 1.5553 3 mths: 1.5548 6 mths: 1.5580 9 mths: 1.5573

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	88.40	-2.30	90.60	88.20	860	5,081
Oct	87.85	-2.75	89.90	87.70	82	2,023
Nov	87.40	-2.85	89.70	89.00	15	1,448
Dec	87.15	-2.85	90.45	87.00	3,004	24,469
Jan	86.75	-2.65	88.50	86.50	5	1,053
Feb	86.35	-2.55	88.20	86.75	22	808
Total					4,220	54,617

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	383.50-383.80		
Opening	383.00-383.30		
Morning fix	383.15	246.557	474.033
Afternoon fix	383.50	246.624	472.357
Day's High	384.00-384.30		
Day's Low	382.70-383.20		
Previous close	383.20-383.70		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.13	6 months	3.95
2 months	4.11	12 months	4.01
3 months	4.09		

Silver Fix	p/troy oz.	US cts equiv.
Spot	327.45	509.00
3 months	331.70	515.50
6 months	335.70	522.05
1 year	344.35	536.25

Gold Coins	$ price	£ equiv.
Krugerrand	386-389	246-250
Maple Leaf	390.20-392.65	
[illegible]	86.00	55.58

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	383.0	-0.1	386.3	386.3	1	-
Oct	383.8	-0.2	384.5	383.4	212	9,731
Dec	386.6	-0.2	387.7	386.2	18,893	99,670
Feb	389.2	-0.2	390.2	388.6	137	12,635
Apr	391.6	-0.2	392.4	391.2	707	6,856
Jun	394.3	-0.2	395.5	394.9	107	11,096
Total					20,515	186,188

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	393.2	-2.6	396.1	393.1	880	18,275
Jan	395.4	-2.6	398.5	395.4	478	4,617
Apr	398.0	-2.7	400.5	399.0	31	4,543
Jul	401.0	-2.6	402.0	402.0	24	396
Oct	404.5	-2.6	408.0	408.0	10	16
Total					1,413	27,848

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	122.35	-0.25	123.00	123.00	24	52
Dec	123.60	-0.25	124.25	123.25	622	7,881
Mar	124.60	-0.25	126.50	126.00	19	159
Jun	125.65	-0.25	126.00	126.00	-	110
Total					649	8,202

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	507.1	-0.2	510.0	505.0	73	275
Oct	508.7	-0.3	-	-	-	-
Dec	514.0	-0.3	517.0	510.0	10,201	61,715
Jan	517.0	-0.3	-	-	-	24
Mar	522.1	-0.3	524.0	518.5	257	10,353
May	527.3	-0.3	527.0	527.0	28	6,107
Total					10,852	87,994

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Oct	24.70	+0.58	24.98	24.08	45,084	70,397
Nov	23.98	+0.51	24.25	23.46	19,048	52,001
Dec	23.30	+0.48	23.60	22.82	9,359	55,680
Jan	22.63	+0.41	22.85	22.25	5,045	33,696
Feb	22.04	+0.32	22.27	21.82	3,649	24,520
Mar	21.55	+0.30	21.70	21.35	1,409	15,384
Total					93,743	401,872

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Oct	23.45	+0.57	23.82	23.04	13,219	35,780
Nov	22.77	+0.50	23.05	22.37	14,128	60,490
Dec	22.12	+0.47	22.25	21.74	4,940	28,627
Jan	21.45	+0.42	21.65	21.14	2,005	17,983
Feb	20.83	+0.35	21.02	20.58	445	8,851
Mar	20.30	+0.35	20.44	20.05	423	7,700
Total					38,948	177,828

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Oct	68.20	+1.53	68.50	66.15	15,216	38,567
Nov	68.10	+1.45	68.40	66.55	6,075	21,322
Dec	67.70	+1.30	67.90	66.30	2,866	28,083
Jan	66.60	+1.10	66.75	65.65	1,988	17,360
Feb	64.65	+1.05	64.85	64.00	774	8,353
Mar	61.60	+0.90	61.85	61.40	277	4,817
Total					28,236	132,823

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	221.75	+3.75	226.00	220.00	7,643	6,906
Oct	216.50	+5.00	218.75	212.75	11,777	22,763
Nov	210.75	+5.00	212.00	207.00	2,694	12,760
Dec	204.75	+4.75	206.25	201.50	2,922	16,990
Jan	199.25	+4.25	201.00	196.00	979	7,459
Feb	192.50	+3.75	193.00	189.00	159	1,686
Total					26,487	80,417

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Oct	1.820	+0.029	1.850	1.760	16,913	32,989
Nov	2.045	+0.005	2.080	2.000	7,840	20,681
Dec	2.220	+0.024	2.255	2.177	3,830	17,955
Jan	2.265	+0.009	2.295	2.235	1,179	14,405
Feb	2.200	-0.030	2.230	2.175	1,209	8,350
Mar	2.100	-0.020	2.120	2.080	444	6,457
Total					33,498	141,226

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Oct	65.90	+1.05	66.70	64.85	11,329	27,829
Nov	64.59	+0.81	65.30	63.70	4,553	9,530
Dec	63.50	+0.91	64.00	63.20	1,072	5,774
Jan	62.65	+0.93	63.00	62.10	705	5,737
Feb	61.70	+0.73	61.70	61.40	165	1,779
Mar	60.62	-	-	-	82	1,006
Total					18,178	64,075

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	103.90	-0.25	104.00	104.00	4	120
Nov	105.75	-0.35	106.75	105.75	243	2,328
Jan	107.70	-0.20	108.60	107.75	121	2,067
Mar	109.60	-0.15	110.50	109.75	208	1,171
May	111.45	-0.05	112.00	111.50	70	843
Jul	113.70	+0.05	114.15	113.60	13	117
Total					667	6,646

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	444.00	-17.50	459.00	444.00	1,273	2,681
Dec	437.50	-15.25	453.50	437.00	11,351	44,860
Mar	430.75	-14.50	446.00	430.25	1,720	10,979
May	412.00	-13.75	423.50	411.00	179	892
Jul	383.75	-12.50	393.00	383.50	202	4,145
Sep	388.00	-11.00	-	-	-	43
Total					14,726	63,630

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	360.75	-5.00	364.00	360.50	3,494	12,381
Dec	326.75	-7.50	335.00	326.50	31,783	189,701
Mar	335.00	-6.75	342.75	334.75	6,478	46,528
May	341.50	-6.75	348.75	341.25	1,638	18,531
Jul	342.25	-6.50	348.75	342.00	782	12,576
Sep	318.00	-4.50	321.00	318.00	183	1,667
Total					45,610	290,548

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	98.65	-	-	98.00	30	74
Nov	100.40	-0.05	100.50	100.50	40	924
Jan	101.90	-0.35	102.50	101.90	15	563
Mar	104.00	-0.50	-	-	-	160
May	106.00	-1.00	-	-	-	80
Total					85	1,801

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	831.50	+1.50	835.00	821.00	937	4,410
Nov	805.00	-2.00	812.50	798.00	38,967	125,868
Jan	812.00	-2.25	819.50	805.25	3,309	23,777
Mar	816.75	-2.00	824.00	810.00	1,987	13,742
May	815.75	-1.50	822.50	810.00	1,899	12,478
Jul	816.00	-2.75	822.00	809.00	1,080	9,876
Total					48,695	194,611

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	25.39	-0.29	25.70	25.28	3,749	3,143
Oct	25.58	-0.21	25.83	25.38	7,409	13,933
Dec	26.00	-0.22	26.40	25.78	10,155	41,817
Jan	26.25	-0.23	26.64	26.10	1,033	7,159
Mar	26.58	-0.22	26.85	26.40	780	6,969
May	26.74	-0.24	26.84	26.65	593	5,075
Total					23,922	78,902

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	273.5	+0.9	274.5	270.0	4,768	8,334
Oct	263.6	+0.7	264.8	260.5	8,522	18,881
Dec	259.6	+0.8	261.0	256.5	16,834	42,168
Jan	257.3	+0.2	260.0	255.5	1,433	7,588
Mar	256.0	-	258.0	254.5	2,466	7,866
May	252.8	-0.4	255.0	251.0	1,109	5,570
Total					36,847	93,301

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	60.0	-	-	-	-	-
Mar	76.0	-	-	-	-	-
Apr	69.5	+0.2	70.0	68.5	23	1,118
May	76.5	-	-	75.0	2	17
Jun	85.0	-	-	-	-	-
Total					25	1,135

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	1063	-29	1070	1053	72	772
Oct	1163	-22	1171	1160	163	1,478
Nov	1222	-8	1225	1220	52	181
Jan	1238	-8	1242	1238	38	884
Apr	1248	-8	1250	1250	-	244
Jul	1115	-4	-	-	-	27
Total					329	3,668

	Close	Prev
BFI		1091

FUTURES DATA
All futures data supplied by CMS.

Nuts and Seeds
Prices from Kenkko Group; US$ a tonne. Iranian pistachios 28/30 raw (in shell) naturally opened (round): 1996 crop estimated 30% down, price indicated at 3,050 CFR/FOT MEP for October/November shipment. US almonds (shelled): Prices up 3% to 5% as majority is not notPareil – 23/25 NPSSR 5,600 FAS California, shipment September-October. US walnuts: LHP 20%, new crop affected by heat, price forecast (in-shell) 2,205 FAS California. Turkish hazelnuts, standard No 1 – prices still unclear – dropped to 3,180 FOB. Second hand market 3,500-3,900 ex-door Germany. Indian cashews raw: W-320, 5,885 spot Europe – soft. Turkish apricots No 1 2,900 FOB MEP. Israeli sunflower seed: 2,100 CFR MEP. Figs No 1, 2,500 FOB MEP – estimate is 35% down from 1995.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	943	+5	951	944	35	1,649
Dec	971	-5	975	969	453	39,072
Mar	990	-6	994	989	633	41,107
May	1004	-5	1005	1003	185	21,584
Jul	1020	-6	1023	1023	45	11,470
Sep	1038	-2	1039	1037	211	3,971
Total					1,868	141,378

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	1322	-11	1339	1339	12	111
Dec	1343	-11	1358	1342	1,700	32,585
Mar	1379	-8	1389	1376	305	16,977
May	1398	-6	1399	1398	69	8,140
Jul	1414	-7	1419	1414	28	5,993
Sep	1431	-6	1431	1431	32	5,475
Total					2,146	78,227

■ COCOA (ICCO) (SDR's/tonne)

Sep 10	Price	Prev. day
Daily	1011.48	1014.76

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	1598	-10	1623	1585	307	2,200
Nov	1545	-7	1566	1532	2,443	14,034
Jan	1493	-13	1515	1482	885	6,346
Mar	1454	-14	1477	1442	159	3,615
May	1434	-20	1440	1425	58	869
Jul	1422	-26	1423	1423	21	187
Total					3,873	27,461

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	117.15	-4.70	122.25	117.00	247	426
Dec	108.90	-4.40	111.50	108.50	4,263	18,949
Mar	103.40	-3.60	107.50	103.00	521	5,868
May	103.50	-3.50	107.50	103.10	135	1,790
Jul	103.00	-3.25	106.25	104.50	20	535
Sep	103.00	-3.25	106.30	106.30	-	166
Total					5,186	25,881

■ COFFEE (ICO) (US cents/pound)

Sep 10		Prev. day
Comp. daily	98.63	98.42
15 day average	103.40	103.61

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	345.6	-3.1	349.0	345.2	3,017	4,195
Dec	342.5	-3.4	346.0	342.2	1,461	7,021
Mar	341.2	-2.5	343.9	340.5	704	8,423
May	339.3	-2.4	341.5	339.7	79	3,315
Aug	338.3	-1.9	340.2	338.2	50	1,144
Oct	327.0	-1.7	328.8	326.7	211	836
Total					5,321	25,146

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	11.96	-0.09	12.12	11.94	8,348	68,134
Mar	11.66	-0.07	11.76	11.63	5,765	57,514
May	11.47	-0.04	11.56	11.44	2,874	19,368
Jul	11.11	-0.02	11.20	11.11	1,187	13,747
Oct	11.00	-	11.06	10.98	707	9,230
Mar	10.86	-	10.93	10.91	99	1,376
Total					18,980	167,568

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	74.90	+3.00	74.90	74.90	468	5,414
Dec	76.07	+3.00	76.07	76.00	4,796	29,566
Mar	77.25	+3.00	77.25	77.15	790	8,612
May	78.12	+3.00	78.12	77.95	314	6,569
Jul	78.70	+3.00	78.70	78.66	210	4,685
Oct	78.15	+1.55	78.60	78.20	22	1,000
Total					6,716	59,466

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	114.70	-3	119.00	115.25	251	606
Nov	105.80	-1.40	107.90	105.25	406	5,703
Jan	106.20	-0.90	107.90	106.20	268	5,616
Mar	108.55	-0.55	109.70	108.75	226	2,165
May	110.55	-0.55	111.50	111.50	18	354
Jul	112.55	-0.55	110.00	110.00	2	198
Total					6,716	59,466

VOLUME DATA
Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest totals are for all traded months.

INDICES

■ REUTERS (Base: 18/9/31=100)

Sep 11	Sep 10	month ago	year ago
1937.2	1938.2	1942.1	2124.6

■ CRB Futures (Base: 1967=100)

Sep 10	Sep 9	month ago	year ago
248.14	247.64	-	-

■ GSCI Spot (Base: 1970=100)

Sep 10	Sep 9	month ago	year ago
202.90	202.44	201.01	181.75

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Oct	72.725	+0.4	72.950	72.500	5,335	37,827
Dec	68.500	-0.025	68.800	68.250	5,934	27,576
Feb	65.350	-0.2	65.675	65.275	2,368	14,743
Apr	67.050	-0.125	67.250	66.950	673	6,203
Jun	64.925	-0.15	65.200	64.900	159	2,936
Aug	64.875	-0.125	65.075	64.900	157	2,661
Total					14,663	92,331

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Oct	54.900	+0.575	54.950	54.150	4,694	10,359
Dec	55.925	+0.275	56.000	55.175	4,231	12,172
Feb	75.950	+0.15	76.000	75.450	508	4,319
Apr	73.075	-	73.200	72.725	105	1,704
Jun	78.175	-0.025	78.200	77.800	76	1,637
Jul	75.925	-0.075	75.900	75.600	27	368
Total					9,657	30,947

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Feb	77.550	+2	77.550	75.600	2,057	4,678
Mar	77.825	+2	77.825	75.700	232	938
May	79.000	+1.85	78.500	76.750	101	316
Jul	79.400	+1.7	77.700	77.700	11	80
Aug	77.800	+0.8	76.500	76.500	3	24
Total					2,396	6,036

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Oct	Jan	Oct	Jan
1300	117	157	1	7
1400	29	82	12	30
1500	1	34	83	80
■ COPPER (Grade A) LME	Oct	Jan	Oct	Jan
1800	138	164	15	82
1900	71	110	47	107
2000	29	71	105	165
■ COFFEE LCE	Nov	Jan	Nov	Jan
1600	42	63	97	170
1650	29	51	134	208
1700	20	40	175	247
■ COCOA LCE	Dec	Mar	Dec	Mar
875	40	58	44	43
1000	30	46	59	56
1025	22	37	76	72
■ BRENT CRUDE IPE	Oct	Nov	Oct	Nov
2200	-	126	-	54
2250	-	97	-	84
2300	10	92	-	98

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$20.92-1.02	+0.170
Brent Blend (dated)	$23.24-2.28	+0.600
Brent Blend (Oct)	$23.41-3.45	+0.600
W.T.I.	$24.59-4.63x	+0.630

■ OIL PRODUCTS NWEprompt delivery CIF (tonne)

Premium Gasoline	$219-221	+2
Gas Oil	$222-224	+6.5
Heavy Fuel Oil	$113-116	+2.5
Naphtha	$206-208	+2.5
Jet fuel	$252-254	+8
Diesel	$233-235	+4.5

■ NATURAL GAS (Pence/therm)

Bacton (Sep)	14.50-14.70	+0.10

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

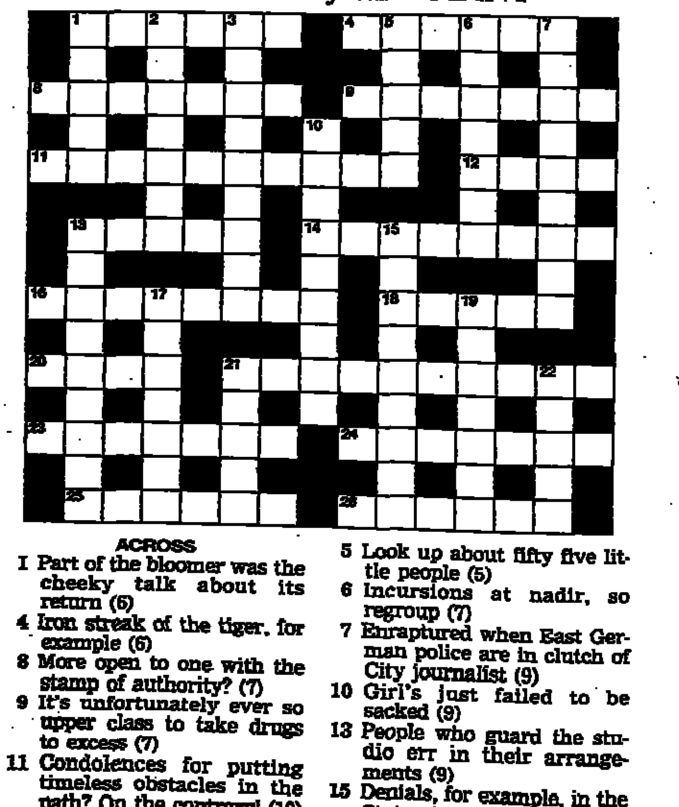
Gold (per troy oz)‡	$383.65	+0.20
Silver (per troy oz)‡	513.00c	+2.60
Platinum (per troy oz.)	$393.00	-0.25
Palladium (per troy oz.)	$122.25	-1.75
Copper	96.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	15.15r	-0.01
Tin (New York)	288.50	-1.00
Cattle (live weight)	94.04p	*
Sheep (live weight)	122.25p	-0.94*
Pigs (live weight)†	110.00p	+0.34*
Lon. day sugar (raw)	$308.20	-0.60
Lon. day sugar (wte)	$357.60	-0.60
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	$141.5v	
Wheat (US Dark North)	Unq	
Rubber (Oct)¥	88.75p	
Rubber (Nov)¥	88.75p	
Rubber (KL RSS No1)	328.00	-1.00
Coconut Oil (Phil)§	$730.0z	+1.00
Palm Oil (Malay)§	$555.0z	+2.5
Copra (Phil)§	$457.5z	
Soyabeans (US)	230.0v	+3.0
Cotton Outlook'A' index	74.20	
Wooltops (64s Super)	428p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. v Sep. x Oct. z Sep/Oct. ¥ London Physical. § CIF Rotterdam. ‡ Bullion market close. * Change on week. † Based on [illegible] head of pigs sold.

JOTTER PAD

CROSSWORD

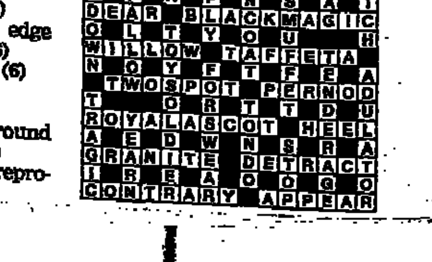
No.9,171 Set by ADAMANT



ACROSS
1 Part of the bloomer was the cheeky talk about its return (6)
4 Iron streak of the tiger, for example (8)
8 More open to one with the stamp of authority? (7)
9 It's unfortunately ever so upper class to take drugs to excess (7)
11 Condolences for putting timeless obstacles in the path? On the contrary! (10)
12 Where your opponents are at home (4)
13 Work on movement of the eyes (5)
14 The day I cast off under orders (8)
16 Towers over Peel's set (8)
18 Spectators at First Division kept in (5)
20 Present talent (4)
21 Choose to speak to the voters (10)
23 Reminder to compiler to take people in (7)
24 The old lady is one who acts the fool inside (7)
25 Catch sight of sharp edge to child's plaything (8)
26 A second type of class (6)

DOWN
1 Do have fun .... (5)
2 .... and quietly sit around the children's area (7)
3 Having lied I can't reproduce the same (9)
5 Look up about fifty five little people (5)
6 Incursions at nadir, so regroup (7)
7 Enraptured when East German man police are in clutch of City journalist (9)
10 Girl's just failed to be sacked (9)
13 People who guard the studio err in their arrangements (9)
15 Denials, for example, in the States (9)
17 The contents of the next remedial course will be the last (7)
19 Hurricane Dora not moving (7)
21 More pictures revert to former partner (5)
22 Stand around, so to speak (5)

Solution 9,170



FT MANAGED FUNDS SERVICE

Offshore Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd

Jupiter Tyndall (Bermuda) Ltd

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

M & G (Guernsey) Ltd

Prudential Fund Managers (Guernsey) Ltd

Rothschild Asset Management (CI) Ltd

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

TSB Fund Managers (CI) Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
TSB Inland Pension	727.4	766.2	-3.6	-
Inland Equity Acc	128.8	135.5	-0.8	-

WMB Asset Management (Jersey) Ltd

[illegible]	$1017.00	1017.00	—	-

Worldinvest (Managers) Jersey Ltd

Worldinvest Inc Fd †	$257.01	258.91	—	5.01
Estelle Global Eqty $ *	$77.77	78.17	—	-
Lucille Stg Global Fund	£11.78	11.85	—	4.91

Valued weekly * Mondays. † Wednesdays.

LUXEMBOURG (SIB RECOGNISED)

ABN AMRO Funds (u)

4 Rue Jean Monnet, L-2180 Luxembourg 352 4249 49320

	Selling Price	Buying Price	+ or -	Yield Gr's
Latin America Equity	$48.26	48.96	—	-
North America Equity	$74.39	74.87	—	-
Asian Tigers Equity	$59.75	60.35	—	-
Europe Equity	$89.42	89.77	—	-
Germany Equity	DM[illegible]	128.09	—	-
Japan Equity	$48.63	49.02	—	-
Europe Bond	$59.43	59.58	—	-
US Bond	$57.31	57.45	—	-
Global Bond	$58.28	58.43	—	-
Germany Bond B	DM[illegible]	107.23	—	-
Spain Bond	Pta[illegible]	[illegible]	—	-
Eastern Europe Equity F	DM[illegible]	182.43	—	-
China Equity F	$53.80	54.00	—	-
Switzerland Equity	SFr[illegible]	120.66	—	-

Fidelity Funds (u)

Kansallis Hse, Place de L'Etoile, L-1021 Lux BP 2174
UK-01732 777377 Lux-00 352 250404230

Major Market Funds	Selling Price	+ or -	Yield
America	$2.247	+0.021	-
Europe	DM4.798	+0.011	-
International	$18.16	+0.07	-
Japan	Y134.8	+1.4	-
Pacific	$9.761	+0.025	-
South East Asia	$2.711	+0.006	-
Country Select Funds			
ASEAN	$20.56	+0.10	-
Asian Special Situations	$10.55	+0.03	-
Australia	A$15.73	+0.13	1.35
Emerging Markets	$8.387	+0.009	-
European Sm Cos F	DM12.89	+0.06	-
France	FF183.07	+0.29	-
Germany	DM20.17	+0.14	-
Hong Kong	$44.81	+0.05	0.64
Iberia	Pta1739	+5	-
Indonesia	$8.802	+0.049	-
Italy	L14716	+62	-
Japan Smllr Cos	Y1077	+7	-
Korea F	$8.985	-0.028	-
Latin America	$8.482	+0.023	0.54
Malaysia	$23.28	+0.32	-
Nordic	SKr173.3	+0.5	-
Singapore	$24.66	+0.09	-
Switzerland	SFr14.64	+0.02	-
Thailand	$30.11	-0.25	-
United Kingdom	£1.145	—	-
Bond Funds			
European	Ecu10.66	+0.01	5.84
International	$1.030	-0.003	5.43
US Dollar	$3.479	+0.004	6.08
Sterling	£2.248	—	7.25
Yen	Y1632	+4	2.58
Balanced			
European Balanced	DM11.34	+0.03	1.92

Prices as at September 10

Mercury Asset Management S.A.

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

OFFSHORE INSURANCES

[illegible]

هكذا من الأصل

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Old Mutual International (Guernsey) Ltd

PO Box 121, St. Peter Port Guernsey 01481 726726

Alliance Capital

Allied Dunbar International Fund Mngrs (1600)F

Alpha Fund Management Ltd

OTHER OFFSHORE FUNDS

● MANAGED FUNDS NOTES

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	+ or -	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

BANKS, MERCHANT

	Notes	Price	+ or -	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

FOOD PRODUCERS - Cont.

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

HOUSEHOLD GOODS - Cont.

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

SUPPORT SERVICES

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

AIM

[illegible]

AIM - Cont.

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£22½xd	—	£24½	£22½	1,583	3.5	♦
Barlow		258	—	£10½	654	1,185	2.3	–
Gold Flds Prop R		137xd	—	178	120	14.0	6.3	10.6
MK Props		80	—	88	75	3.22	11.5	–
SASOL		645	—	710	475	3,777	1.7	–
SA Brews		£18½	—	£20½	£16½	4,659	2.2	♦
Standard Bank		£24½	+⅛	£32½	£21½	2,875	1.5	21.2
Tiger Oats		780	—	1270	770	2,188	2.1	16.1
Tongaat-Hulett		780xd	—	1247	735	747.8	2.4	♦

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Extel, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
q Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
z Dividend yield includes a special payment

F Yield based on prospectus or other official estimates for 1996-97.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1996
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
N Dividend is paid in whole or part as a

FID (Foreign Income Dividend)
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1350 a year for each security shown, subject to the Editor's discretion

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For readers phoning from outside UK, please dial +44 in place of the first 0.

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LONDON STOCK EXCHANGE

MARKET REPORT

Equities take a breather after five-day surge

By Steve Thompson, UK Stock Market Editor

A batch of mildly unsettling economic news, the return of US interest rate jitters and increasing uneasiness over some important data due today from both sides of the Atlantic brought an end to five straight gains in London's equity market.

The FT-SE 100 index was never able to push into positive ground throughout a disappointingly slow session and eventually settled a net 10.5 off at 3,905.6.

There was no escape, either, for the second line stocks, which suffered on the same scale as the leaders. The Mid 250 lost 20.1 to 4,416.3. The market's minnows fared better, however, with the Small Cap index managing a 3.3 gain at 2,177.3.

Dealers described the market's performance yesterday as disappointing, but predictable, given its recent strong run which has seen Footsie move up over 60 points in a straight line.

But it was especially disappointing in view of a number of powerful displays by some of the market's most important areas, notably the oils and banks. And surprise news of £613m-worth of special dividends from Reuters also provided the market with a midday burst of good news which ignited the company's shares and instantly put three points on a then flagging Footsie.

London began the session on a quietly subdued note, mindful of news late on Tuesday that a governor of the US Federal Reserve had stated that US inflation was entering a "danger zone."

The news rekindled the market's worries that the next meeting of the Federal Reserve's Open Market Committee could well bring a rise in US interest rates, a move given widespread publicity in the press last week, when there was speculation that the Fed would sanction a rise of as much as 50 basis points.

UK economic news yesterday, including a slightly bigger than expected decline in unemployment, and higher than forecast unit wage costs, caused momentary unease in gilts and equities.

Footsie briefly dipped below the 3,900 level, less than an hour before Wall Street came in, but later managed to recoup some of those losses, thanks mostly to a late surge in oil shares.

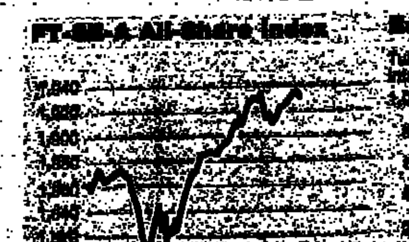
These raced up after news of a potential escalation of the conflict in Iraq, after reports that the Iraqis had launched missile attacks on US aircraft.

Oil specialists said such a move would further reduce the chances of a return of Iraqi oil to world crude oil markets. This would trigger increased tightness in oil markets and therefore put upside pressure on prices. Shell was additionally lifted by talk that one of the leading broking houses was forecasting a 20 per cent increase in the interim dividend, expected today.

Turnover at 6pm totalled 651.4m shares. Customer business on Tuesday was valued at £2.01bn, the highest for some weeks.

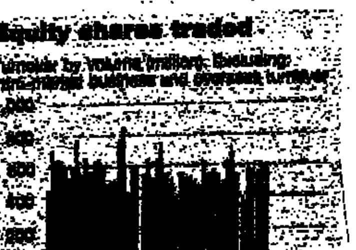
Today brings UK inflation figures for August as well as producer price details from the US.

FT-SE-A All-Share Index



Equity shares traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FT-SE 100	3905.6	-10.5	FT Ordinary Index	2816.0	-15.2
FT-SE Mid 250	4416.3	-20.1	FT-SE-A Non Fins p/e	17.07	17.79
FT-SE-A 350	1953.5	-5.0	FT-SE100 Fut Sep	3909.5	-10.5
FT-SE-A All-Share	1930.82	-5.20	10 yr Gilt yield	7.87	7.87
FT-SE-A All-Share yield	3.82	3.81	Long gilt/equity yld ratio	2.16	2.15

Best performing sectors

1 Oil Integrated .... +1.2
2 Oil Exploration .... +0.7
3 Mineral Extraction .... +0.5
4 Textiles & Apparel .... +0.5
5 Banks: Retail .... +0.4

Worst performing sectors

1 Extractive Inds .... -2.5
2 Alcholic Beverages .... -1.9
3 Gas Distribution .... -1.4
4 Transport .... -1.1
5 Leisure & Hotels .... -1.0

Payout boost to Reuters

By Peter John, Joel Kibazo and Lisa Wood

One of the London market's most talked-about stories finally came to fruition yesterday as Reuters Holdings announced a return of cash to shareholders.

The news and financial information organisation proposed to hand £613m to shareholders over three years through a bonus issue of a new class of special dividend shares.

Rumours that Reuters will give part of its ever growing cash pile to shareholders have been building for months although they tended to focus on the company buying back its own shares rather than issuing a dividend.

When it happened, the market was sufficiently excited to send the shares into a prolonged spell of backwardation, the situation where activity is so hectic that brokers' bid prices are theoretically higher than offer prices.

The shares, which had been down with the market, leapt 30 before settling 14½ higher at 765½p with turnover reaching 13m, the heaviest for more than two years.

However, Mr Brian Newman of Henderson Crosthwaite argued that the payment – effectively a 12.6p special dividend for three years, plus a tax credit for gross funds such as charities and pension funds, was an anti-climax. "Once the stock goes ex the special dividend share, I think it will underperform the market," he said.

Abbey National experienced a two-way tussle between ABN Amro Hoare Govett and Panmure Gordon, which saw the shares fall in early trading and then turn the corner to end the day as one of the strongest performers in the Footsie.

ABN Amro Hoare Govett changed its stance on the stock to "overvalued". Analyst Mr Peter Toeman said the recent run-up in the shares on hopes of a recovery in the UK housing market was overdone and he expected the stock to underperform the market by around 10 per cent in the medium term.

However, Mr David Poutney at Panmure Gordon argued that the reverse was true and growing evidence that a strong recovery is taking place in the UK housing market could translate to a 700p share price by the end of the year.

Whether he won the war or not, he certainly won the battle and the shares ended 8½ higher at 602p.

Investors replacing their weightings in Barclays following the bank's share buy-back a month ago and a switch recommendation by one broker saw the shares gain 21 to 949½p. The special dividend announced by Reuters also awakened the possibility of a similar move by Barclays.

Bank of Scotland lifted 2 to 255½p following a recommendation from ABN Amro Hoare Govett. ingfisher climbed 4½ to 669½p after reporting interim profits at the top end of market expectations, with recovery at B&Q, encouraging results at Woolworth, and Comet producing the biggest like-for-like sales increase in the group.

Several analysts upgraded their forecasts, including UBS which moved from £340m to £355m and Panmure Gordon, which raised its estimates from £356m to £370m.

However, some analysts believe that the share price, which has risen by more than 40 per cent over the last year, may have run far enough at present. Mr Tony Shiret of BZW, who changed his recommendation from "buy" to "hold" said: "The strategy applied in recent times has been focused on recovering profits and we now need to see how the strategy develops to sustain premium medium term earnings growth."

MFI Furniture added 2 to 204½p with AMN-AMRO Hoare Govett reiterating its "buy" stance.

Shares in Associated British Ports slipped 10 to 295p, as analysts downgraded full year profit expectations after publication of the group's interim figures.

Profits at the company rose from £43.5m a year earlier to £46.9m but fell short of market expectations. NatWest Securities was among those that downgraded. It reduced its full year forecast by £3m to £96m but remains a fan of the stock and advised clients to "add" to holdings.

It believes AB Ports to be a "high quality company with high margins and strong cash generation."

However, the team at Charterhouse Tilney, which held its profits forecast at £97m, believes the shares are "fairly valued".

In the rest of the sector, UK airports group BAA came under pressure in nervous trading ahead of today's traffic figures. The shares fell 12 to 471p, after trade of 1.5m.

Profit-taking in transport and property group P&O saw the shares surrender 2 to 580½p. Volume was 4m by the close.

Railtrack, a strong performer in recent sessions, was another stock that succumbed to profit-taking, which left the shares trailing 7 to 270p.

Heywood Williams climbed 19 to 246p after delivering better than expected half-year figures and making an upbeat statement on trading prospects. Some forecasts were upgraded, including that of Greig Middleton, which lifted its estimate from £33m to £36m for the full year.

Matthew Clark fell a further 75½ to 355½p, with the market still registering its displeasure with Tuesday's profits warning.

Grand Metropolitan fell 13 to 478p with some profit-taking in the stock which has substantially outperformed the market over the past 30 days. NatWest Securities was reported to have moved it from an "add" to "hold."

Budgens hardened 3 to 41½p after an up-beat annual meeting.

A new derivative in Hanson, the Demerger Advance Participation Securities (DAPS) issued by UBS, started trading yesterday. The derivative was launched to allow investors to trade in the separate parts of Hanson ahead of October's demerger. Hanson shares hardened 1¼ to 159p.

Mining group RTZ fell 26 to 931½p in response to a fall in CRA, its Australian partner, and worries about RTZ's interim report today. CRA shares dropped on concerns about profit downgrades after gloomy company forecasts for copper prices.

Oil company British Borneo jumped 34 to 606½p after announcing a 45 per cent improvement in interim profits.

Anagen, the biotech company, fell 9 to 23½p ahead of news that it intends to raise funds by way of a private placement of convertible loan stock.

FINANCIAL TIMES EQUITY INDICES

	Sep 11	Sep 10	Sep 9	Sep 6	Sep 5	Yr ago	*High	*Low
Ordinary Share	2816.0	2831.2	2824.7	2811.2	2801.1	2662.5	2885.2	2606.8
Ord. div. yield	4.04	4.02	4.03	4.05	4.06	4.02	4.22	3.76
P/E ratio net	17.07	17.15	17.11	17.08	17.02	15.98	17.25	15.80
P/E ratio nil	16.91	16.99	16.95	16.87	16.86	15.76	17.03	15.71

Ordinary Share index since compilation: high 2885.2 19/04/96; low 49.4 26/06/40. Base Date: 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2829.5	2823.3	2825.4	2820.9	2818.8	2818.1	2812.7	2816.6	2816.7	2829.6	2812.0

	Sep 11	Sep 10	Sep 9	Sep 6	Sep 5	Yr ago
SEAQ bargains	36,030	38,962	38,269	38,960	33,369	24,920
Equity turnover (£m)†	-	2006.4	1661.4	1655.8	1490.0	1513.6
Equity bargains†	-	40,492	37,240	36,064	38,369	34,220
Shares traded (ml)†	-	781.6	666.5	697.7	546.4	732.4

†Excluding intra-market business and overseas turnover.

	Sep 11	Sep 10	Sep 9	Sep 6	Sep 5	Yr ago	*High	*Low
FT-SE AIM	1040.10	1040.20	1050.40	1065.70	1068.40	-	1140.40	965.70

*For 1996.

London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	570	Total Highs	87	Total contracts	26,919
Total Falls	585	Total Lows	45	Calls	14,116
Same	1,508			Puts	12,803

Sep 11 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	3919.0	3909.5	-10.5	3924.0	3902.0	19640	45951
Dec	3943.0	3933.0	-12.0	3948.0	3928.0	8796	15066
Mar	-	3943.5	-11.5			0	380

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep		4420.0	-20.0			0	1979
Dec		4455.0	-20.0			0	2611

■ FT-SE 100 INDEX OPTION (LIFFE) (*3900) £10 per full index point

[illegible]

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

† Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1996 High	1996 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§100	F.P.	-	100	100	Amer Opps Ln 03/06	100					
-	F.P.	12.4	68	64½	†Barbican Hithers	[illegible]					
-	F.P.	208.4	198	187½	Dairy Crest Grp	[illegible]					
-	F.P.	5.17	4	4	†Darkmaster	[illegible]					
§145	F.P.	50.7	246	148	†Elec Retail Sys	[illegible]					
§	F.P.	2.30	53	41	†Fayewood	[illegible]					
16	F.P.	7.15	23	17	†Gabriel Trust	[illegible]					
§12.5	F.P.	1.54	13¼	13¼	†Grosvenor Land	[illegible]					
[illegible]											

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

[illegible]

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FT - SE Actuaries Share Indices — The UK Series

	Sep 11	Day's chge%	Sep 10	Sep 9	Sep 6	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3905.6	-0.3	3916.1	3910.8	3893.0	3670.8	4.01	2.06	15.12	136.47	1618.31
[illegible]											

■ FT-SE Actuaries All-Share

[illegible]

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	-	3914.1	3904.1	3912.7	3907.9	3905.5	3909.9	3904.0	3905.8	3914.1	3899.5
[illegible]											

■ FT-SE Actuaries 350 Industry baskets

[illegible]

TRADING VOLUME

■ Major Stocks Yesterday

[illegible]

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

US INDICES

Dow Jones	Sep 10	Sep 9	Sep 6	1996 High	1996 Low	Since compilation High	Since compilation Low
Industrials	5727.18	5733.84	5659.86	5778.00 (22/5)	5032.94 (10/1)	5778.00 (22/5/96)	41.22 (8/7/32)
Home Bonds	101.38	101.41	101.39	106.09 (14/2)	100.99 (15/7)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	2035.08	2031.08	2019.38	2296.20 (22/5)	1882.71 (18/1)	2296.20 (22/5/96)	13.23 (8/7/32)
Utilities	214.84	215.27	213.81	234.00 (12/2)	204.86 (30/7)	258.46 (31/8/93)	16.53 (8/7/32)

DJ Ind. Day's high 5767.87 (5756.40) Low 5681.68 (5682.08) (Theoretical♦)
Day's high 5741.81 (5735.89) Low 5709.42 (5680.23) (Actual♦)

Standard and Poors	Sep 10	Sep 9	Sep 6	1996 High	1996 Low	Since compilation High	Since compilation Low
Composite‡	663.81	663.76	655.68	678.51 (24/5)	598.48 (10/1)	678.51 (24/5/96)	4.40 (1/6/32)
Industrials¥	785.09	784.77	775.47	807.88 (5/6)	702.07 (15/1)	807.88 (5/6/96)	3.52 (30/6/32)
Financial	68.37	68.51	68.42	70.86 (22/8)	58.67 (10/1)	70.88 (22/8/96)	7.13 (4/9/74)
NYSE Comp.	356.49	356.28	352.87	363.74 (24/5)	321.41 (10/1)	363.74 (24/5/96)	4.84 (25/4/42)
Amex Mkt Val	565.23	561.96	560.02	614.99 (22/5)	525.60 (16/7)	614.99 (22/5/96)	29.13 (9/12/74)
NASDAQ Cmp	1149.43	1148.71	1139.39	1249.14 (5/6)	988.57 (15/1)	1249.14 (5/6/96)	54.87 (3/10/74)

■ RATIOS

	Sep 6	Aug 30	Aug 23	Year ago
Dow Jones Ind. Div. Yield	2.24	2.25	2.21	2.44
	Sep 4	Aug 28	Aug 21	Year ago
S & P Ind. Div. yield	2.06	2.02	2.02	2.07
S & P Ind. P/E ratio	21.50	21.77	21.74	19.68

■ NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Close price	Change on day
PepsiCo	10,587,900	29½	+⅛
ITT Corp	10,438,300	48⅛	−7⅞
Chrysler	7,681,100	28¼	−½
Ford Mtr	7,556,300	31⅝	−⅜
Hanson	7,299,000	12⅝	−⅛
Gen. Mtrs	4,095,600	47¾	−½
IBM	4,011,200	118½	+½
Motorola	3,880,600	50⅝	+¾
Office Dpt	3,742,500	20⅝	+⅛
AT&T	3,428,900	53⅝	+⅝

■ TRADING ACTIVITY

● Volume (million)

	Sep 10	Sep 9	Sep 6
New York SE	371.670	310.888	350.875
Amex	19.141	15.207	16.958
NASDAQ	481.653	448.693	482.885
NYSE			
Issues Traded	3,171	3,203	3,182
Rises	1,114	1,540	1,651
Falls	1,139	860	696
Unchanged	888	803	835
New Highs	106	105	59
New Lows	17	17	27

	Open	Latest	Change	High	Low	Est. vol.	Open int.
■ S&P 500							
Sep	665.30	664.70	−0.40	665.80	661.70	60,297	134,700
Dec	668.70	670.70	−0.45	671.70	667.65	22,774	73,679

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
■ Nikkei 225							
Sep	20550.0	20580.0	−	20610.0	20440.0	12,598	168,944
Dec	20570.0	20590.0	+20.0	20630.0	20450.0	24,808	179,959

Open interest figures for previous day.

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
■ CAC-40 (200 x Index)							
Sep	2043.0	2045.0	−2.0	2047.5	2031.0	14,602	27,923
Oct	2049.0	2050.0	−2.0	2050.5	2038.0	143	5,460
■ DAX							
Sep	2571.0	2569.5	−3.5	2573.0	2559.0	16,527	−
Dec	2588.0	2587.0	−3.5	2590.0	2577.0	3,267	−
■ OMX							
Sep	1577.50	1582.00	−	1585.00	1573.00	2,970	21,763
Oct	1582.75	1585.25	−6.75	1591.00	1580.75	154	1,907
■ SOFFEX							
Sep	3700.3	3674.8	−24.2	3714.0	3670.0	5,672	25,428
Oct	3709.0	3680.5	−29.5	3709.5	3684.0	707	1,557

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¥ Subject to official recalculation.

NORTH AMERICA

CANADA

TORONTO (Sep 11 / Can $)

4 pm close

■ TOKYO - MOST ACTIVE STOCKS: Wednesday, September 11,1996

	Stocks Traded	Closing Prices	Change on day
Toyota Motor	16.3m	2690	+10
Sumitomo Seika	11.3m	799	+22
Toppan Printing	6.5m	1400	
Cosmo Oil	5.4m	645	-9
Itoham Foods	5.3m	824	-1
Tanabe Seiyaku	5.1m	818	+18
Chiba Bank	4.2m	840	-5
Yuasa Corp	4.2m	631	-6
Mitsui Matushima	3.9m	609	-56
Nomura Secs	3.5m	1960	+20

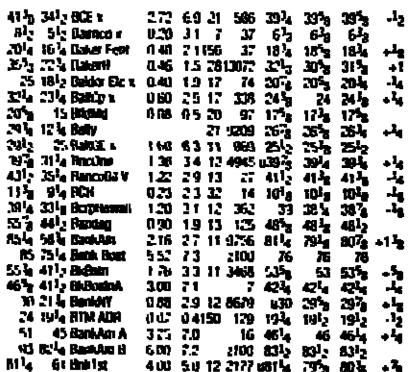
Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. * Calendar year high and low. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

NEW YORK STOCK EXCHANGE PRICES

4 pm close September 11

1996 High	1996 Low	Stock	Div	Yld %	P/ E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
23¾	17¾	AAR	0.48	2.3	21	415	21⅞	21¼	21¼	-½
48⅛	38⅛	AMP	1.00	2.6	18	4617	39⅞	38¼	39⅛	+⅝
97½	68	AMR			16	6488	80	78¼	78⅝	-1⅛
50½	37⅞	ASA	2.00	5.0	26	85	39¾	39⅝	39¾	+⅛
47¼	38⅛	AbbtL	0.96	2.1	20	7032	46⅞	46½	46¾	-¼
17¼	12¼	AbitibiPr x	0.40	3.0	8	15	13½	13½	13½	
20¼	13½	ABM Ind	0.35	2.0	18	136	17¾	17½	17¾	+½
18⅝	13⅞	Acptncoln			36	30	17⅞	17¾	17¾	+⅛
50⅛	37¾	ACE Ltd	0.56	1.2	11	2310	47⅛	46⅝	46⅞	-¼
10⅛	8⅛	ACM Gvt In x	0.90	9.1	8	310	10	9¾	9⅞	
7⅞	6⅝	ACM GvOpp x	0.57	8.4		16	6⅞	6¾	6¾	
9⅝	8⅞	ACM Man x	0.90	9.6		221	9½	9⅜	9⅜	
13⅞	6⅛	Acme Elect	0.32	4.6	116	61	7⅛	7	7	
17½	13⅞	Acme Mills			9	50	15	14¾	15	+¼
33¾	27¼	Acordia x	0.72	2.4	17	6	30⅛	30⅛	30⅛	
21⅛	12	Acuson			83	1827	17	16⅝	16⅞	-¼
19½	17⅞	Adams Expr	0.48	2.5	0	171	19¼	19	19¼	+⅛
21¼	10¼	AdvMic			8	4088	13¼	12⅝	13	+⅛
11⅛	8½	Advest Grp	0.16	1.6	7	66	10	9¾	10	+⅛
26⅛	9⅛	Advo Inc	0.10	1.0	512	559	10½	10⅛	10¼	-¼
51⅞	41⅛	Aegon x	1.46	3.0	16	152	49⅞	49⅛	49⅞	-⅛
6¾	3½	Aerflx			3	100	5¼	5⅛	5⅛	-⅛
69½	57⅝	Aetna	0.80	1.2	7	2679	68¼	67⅝	68	+¼
36½	28¼	Aflac	0.40	1.2	14	734	34⅝	34¼	34⅝	+⅛
21⅛	17⅛	AGL Res	1.08	5.4	16	173	20	19⅝	19⅝	-¼
28	21¼	Ahmson	0.88	3.4	7	4041	26⅛	25¾	26⅛	+¼
60⅞	50⅜	AirPrC	1.10	2.0	15	2740	56½	55¼	56⅛	+1
28⅜	20¾	Airbne Frt	0.30	1.3	15	1052	23¾	23⅝	23⅝	-⅛



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NYSE PRICES

4 pm close September 11

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AMEX PRICES

4 pm close September 11

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NASDAQ NATIONAL MARKET

4 pm close September 11

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AMERICA

Beige book findings help US shares rally

Wall Street

News that the Federal Reserve was unlikely to make an aggressive move to slow the economy helped US shares rally in early afternoon trading, *writes Lisa Bransten in New York.*

Shares hovered near their levels at Tuesday's close through the morning but began to move decisively higher after the noon release of the Fed's Beige Book, which found no conclusive signs of inflationary pressures in the economy. The Beige Book is prepared by the Fed in advance of meetings of its Open Market Committee; a majority of Wall Street economists expect the Fed to raise interest rates by 25 basis points at the September 24 FOMC meeting.

By 1 pm the Dow Jones Industrial Average was 28.11 stronger at 5,755.29, within 23 points of its all time high set on May 22. The Standard & Poor's 500 rose 2.75 at 666.56 and the American Stock Exchange composite added 0.37 at 565.60. NYSE volume was 221m shares.

Technology sector news was mixed as the tech-rich Nasdaq composite added 3.96 at 1,153.38, while the Pacific Stock Exchange technology index rose 0.3 per cent.

Late on Tuesday, the Semiconductor Industry Association said its key measure of demand – the book-to-bill ratio – had risen in August. The effect, however, was dampened early yesterday when Motorola warned that it expected third quarter earnings to be "significantly below" those in the second quarter, due to pricing and demand weakness in the semiconductor area.

Motorola lost $2 at $48⅝, but performance was better at other semiconductor companies. Micron Technology added $1¼ at $22, Intel $⅝ at $94⅝, and Texas Instruments $⅛ at $45⅝.

United Healthcare, the largest health maintenance organisation in the US, advanced $1⅞ or 5 per cent at $40⅝ on news that it had won the right to proved services to members of the American Association of Retired Persons.

Canada

Toronto was ahead at mid-session in what dealers described as active trading. At noon, the TSE composite index was 12.49 higher at 5,159.61.

Banks led the performance charts with the sector up one per cent.

Royal Bank of Canada added 25 cents to C$35.10 and Toronto-Dominion rose 25 cents to C$26.35.

SOUTH AFRICA

Golds recovered strongly but the upturn was not enough to stop the overall index from dipping 9.2 to 6,780. Industrials came off 34 to 7,991.9, depressed by downside pressure in equity futures ahead of tomorrow's lead contract expiry.

Golds, boosted by receding bullion price fears and a mining sector wage deal, gained 26 to 1,747.2. Anglo American gave up R3.50 to R271.50. Richemont, a strong market lately, fell back R1.50 to R68.50.

EUROPE

Forestries weak in Sweden, Finland

The Motorola effect hit STOCKHOLM and HELSINKI early yesterday, when Ericsson and Nokia reacted to the latest profit warning from the US cellular telephone and semiconductors major. However, this was overtaken by weakness in forestries and mitigated, in Stockholm's case, by strength in banking.

Ericsson Bs and Nokia A bottomed with intraday falls of 3.7 and 4.7 per cent respectively. That eased as Motorola itself recovered in New York, Ericsson closing SKr1.50 off at SKr159, after SKr154.50, and Nokia down FM5 at FM186, after FM182 as the Affärsvärlden General index rose 2.5 to 2,042.5.

Stockholm's banks were its saving grace, the sector rising 4.2 per cent after Nordbanken announced a share buyback scheme which, it said, would boost earnings per share and increase its chances to expand in the restructuring of Swedish financial markets. Nordbanken closed SKr13.50, or nearly 10 per cent higher at SKr149 and Handelsbanken, S-E-Banken and Swedbank followed with gains of SKr5 to SKr135, SKr1.50 to SKr58.50 and SKr3 to SKr86.50 respectively.

The Swedish forestry index fell by 2.65 per cent. In Finland, forestries were 2.1 per cent down as the Hex index closed 20.50 lower at 2,102.17. On the face of it, this sat oddly with yesterday's pulp price rise from $580 a ton to $620-630 by UPM-Kymmene, Europe's largest forest industry group. But UPM itself fell FM2 to FM99 and Mr Hubert de Marliave at Paribas Capital Markets said that the sector might be anticipating poor Norscan pulp inventory figures, due over the next few days.

PARIS was hit by a severe shakeout at Renault but managed to close with little net change, the CAC-40 index losing 4.06 at 2,038.06.

Renault was centre stage for most of the day with the car giant's interim results confirming broker suspicions about losses for the whole of this year. The shares fell FFr6 to FFr113.

Takeover talk continued, traders pinpointing UAP as a possible target following one big trade in the shares. Its rival insurer, Axa, denied that it was a predator but UAP still closed FFr3.30 higher at FFr103.50.

Cerus, the De Benedetti holding company which owns 28 per cent of Valeo, slipped FFr6 to FFr127 on CGIP's denial that it would make a Cerus bid.

Legrand, the electrical retailer, shot ahead by more than 4 per cent, closing FFr34 better at FFr819 after its interim results brought sighs of relief across the market.

MILAN moved lower in dull volume, the Comit index closing off 5.03 at 590.70.

Olivetti, which announced heavy losses last week and was suspended from trading for three days, jumped more than 2 per cent to finish at L583.2, up L15.4. The company was due to meet Italy's Industry Minister today, ahead of Monday's statement on its half-year results.

Eight days ago, prior to the results bombshell and the resignation of Olivetti's chairman, Mr Carlo De Benedetti, the shares stood at L789.6. "We were due a technical bounce but the problems at Olivetti are unlikely to go away in the short-term," said one Milan dealer.

Fiat, hit earlier this week by news of weak car sales, slipped L80 to L4,381. Health concerns continued to dog Parmalat which ended at L1,885, down L51.

AMSTERDAM had a roller-coaster day, falling back noticeably at mid-session but emerging at the close with the AEX index 0.38 to the good at 555.55.

Philips mirrored the general pattern, faltering visibly on the profits warning from US high tech leader, Motorola, but pulling back in the final stages to close up Fl1.20 at Fl94.

The brewer, Heineken, continued to wilt ahead of tomorrow's interim results. Down Fl7.30 on Tuesday, the shares fell a further Fl3.50 to Fl358.70.

FRANKFURT watched the dollar come off the top and closed mixed, the Dax index settling just 0.07 lower at an Ibis indicated 2,568.70.

Turnover was flat at DM3.8bn. Hoechst, up 70 pfg at DM53.60, continued to acknowledge what a higher dollar could do for export margins. Among the losers, Deutsche Bank reflected continued embarassment over the MGAM growth trusts debacle, falling 52 pfg to DM71.13.

ZURICH's banks were weak, CS Holding losing SFr2.50 at SFr121.50, UBS bearers SFr6 at SFr1,171 and SBC SFr3 to SFr222.75. The SMI index, meanwhile, fell 15.3 to 3,678.9.

MADRID emphasised the pecking order in oil companies, Repsol rising Pta60 to Pta4,160 after stalling on petrol price increases early in the week, but Cepsa falling another Pta5 to Pta3,820 as the general index eased 0.19 to 351.95.

TEL AVIV blamed profit taking as the Mishtanim index fell 3.22 or 1.7 per cent to 186.77 in turnover of Shk63m following a two-week rally which took the bourse up 10 per cent to its recent peak last Friday.

Written and edited by William Cochrane, Jeffrey Brown and Joe Gill

FT-SE Actuaries Share Indices

Sep 11	THE EUROPEAN SERIES							
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1667.11	1667.39	1667.83	1666.89	1666.72	1665.88	1665.35	1665.55
FT-SE Eurotrack 200	1736.61	1737.59	1736.97	1735.95	1735.80	1734.21	1734.40	1735.16
	Sep 10	Sep 9	Sep 6	Sep 5	Sep 4			
FT-SE Eurotrack 100	1665.48	1664.57	1636.30	1639.55	1637.93			
FT-SE Eurotrack 200	1737.80	1728.12	1713.30	1713.74	1710.84			

Base value 1000 (26/10/90). High/day: 100 - 1668.38; 200 - 1738.28 Low/day: 100 - 1665.26 200 - 1732.45. † Partial.

Mexico flat on rate fears

MEXICO CITY opened slightly weaker after Tuesday's steep fall for leading stocks.

Dealers said there were continuing worries about the government's interest rate policy. The main IPC index was off 1.18 at 3,308.09 in initial trading.

BUENOS AIRES switched back on to the upside to reverse the previous day's profit taking. The recovery was helped by a better showing in the bond market, and at the outset the blue-chip MerVal index showed a modest improvement.

SANTIAGO was closed yesterday. Along with banks and government offices, the stock market was shut for the anniversary of the 1973 military coup.

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

Market	No. of stocks	Dollar terms: September 6th 1996	% Change over week	% Change on Dec '95	Local currency terms: September 6th 1996	% Change over week	% Change on Dec '95
Latin America	(249)	530.29	+1.1	+12.4			
Argentina	(31)	819.32	+4.8	+2.3	502,462.72	+4.9	+2.2
Brazil	(68)	368.75	+0.7	+20.8	1,403.77	+0.8	+26.4
Chile	(43)	703.24	+0.2	-6.0	1,160.92	+0.5	-4.8
Colombia[1]	(15)	606.16	+1.8	+1.4	1,123.18	+2.2	+7.0
Mexico	(66)	546.94	+2.1	+20.7	1,787.96	+1.1	+18.7
Peru[2]	(21)	220.68	-1.1	+11.9	335.71	-0.4	+20.9
Venezuela[3]	(5)	511.18	-0.4	+52.9	5,595.75	-0.2	+114.4
Asia	(632)	247.12	-1.7	+6.4			
China[4]	(24)	59.05	-0.8	+9.1	61.91	-0.6	+8.9
South Korea[5]	(145)	97.82	-0.4	-22.3	105.34	-0.5	-18.0
Philippines	(35)	304.55	-1.7	+17.3	385.52	-1.7	+17.2
Taiwan, China[6]	(83)	143.97	-0.5	+27.7	148.56	-0.4	+28.6
India[7]	(76)	91.13	-0.3	+13.4	115.39	-0.4	+15.0
Indonesia[8]	(44)	109.42	-0.7	-0.2	139.51	-0.5	+2.4
Malaysia	(123)	312.86	-1.0	+15.4	288.55	-0.8	+13.6
Pakistan[9]	(25)	217.77	-6.2	-10.2	353.19	-6.2	-6.3
Sri Lanka[10]	(5)	94.16	+1.3	-9.5	114.54	+1.6	-5.3
Thailand	(72)	274.96	-9.7	-26.8	276.78	-9.5	-26.4
Euro/Mid East	(238)	137.78	+0.4	-2.7			
Czech Rep	(5)	75.10	-1.1	+25.1	65.89	+0.7	+23.9
Greece	(47)	255.13	-2.0	+5.6	410.31	-1.5	+6.0
Hungary[11]	(8)	179.59	-0.6	+82.5	328.44	+0.1	+103.0
Jordan	(8)	178.33	+2.5	-3.4	266.43	+2.5	-3.3
Poland[12]	(22)	720.56	-3.1	+69.0	1,248.41	-2.6	+88.6
Portugal	(26)	136.92	+1.1	+18.3	143.46	+1.7	+20.7
South Africa[13]	(63)	224.23	+1.7	-13.1	208.62	+2.1	+7.4
Turkey[14]	(54)	128.28	-4.1	+22.6	5,292.33	-3.0	+77.1
Zimbabwe[15]	(5)	436.12	+14.9	+58.8	657.19	+13.7	+74.3
Composite	(1119)	292.16	-0.3	+5.9			

Indices are calculated at end-week, and weekly changes are percentage movement from the previous Friday. Base date: Dec 1988=100 except those noted which are (1)Feb 1 1991; (2)Dec 31 1992; (3)Jan 5 1990; (4)Dec 31 1992; (5)Jan 3 1992; (6)Jan 4 1991; (7)Nov 6 1992; (8)Sep 28 1990; (9)Mar 1 1991; (10) Dec 31 1992; (11)Dec 31 1993; (12)Dec 31 1992; (13)Dec 31 1992; (14)Dec 31 1992; (15)Aug 2 1993; (16) July 2 1993.

A nine-day losing streak for the hard-pressed Bangkok stock market came to an end yesterday. The key SET index briefly clawed its way back above the 1,000 level before closing with a gain of 14.13 at 996.16.

The private-sector share support fund, set up last month by a consortium of banks and brokers, entered the market and offset continued selling by foreign funds. Net selling by foreigners, estimated at around Bt900m on Tuesday, was said to have remained persistent.

Hit by a combination of political and economic worries, the SET index has fallen steeply this year, sliding from 1,415 since early February.

The recent shakeout has stemmed from a sovereign debt downgrade by Moody's and forced selling by local investors unable to top up margin loans. Brokers brave enough to peer into the gloom claim to have detected some bottoming out of sentiment.

The main focus is next week's no-confidence vote in parliament, with market talk all about the possibility of a change of government and a "dream team" line-up of qualified ministers.

At the same time, the next set of Thai corporate earnings should show an improvement after a traumatic second half in 1995.

And more support for the stock market came yesterday from the government in the form of plans for a Bt10bn public sector fund to supplement the existing share fund.

ASIA PACIFIC

Bombay falls ahead of tax statement

A government statement on tax proposals failed to emerge before the end of BOMBAY trading and the BSE 30 share index, 73 points down over Monday and Tuesday, dropped another 52.12 to 3,382.71 for a three-day loss of 3.6 per cent.

Automobile stocks were hit by talk of slowing demand. Telco fell Rs10.50 to Rs465.25 and Bajaj Auto by Rs28.75 to Rs986.25.

After hours, Mr P. Chidambaram, the Indian finance minister, defended a controversial minimum 12.9 per cent corporate tax proposal, and announced some minor exemptions.

Tokyo

Profit taking subdued equities for most of the day but bargain hunting brought them out of negative territory in the last hour of trading, *writes Our Markets Staff.*

The Nikkei average ended 11.45 higher at 20,571.04, just below its high of 20,579.98, but after a low of 20,425.44. Turnover was about 334m shares, against 310m.

The Topix index of all first section stocks fell 1.08 to 1,559.15, and the Nikkei 300 by 0.09 to 290.49. Declines outnumbered advances by 561 to 466 with 201 unchanged. In London, the ISE/Nikkei 50 index rose 0.95 to 1,393.99.

Brokers said that the market was overshadowed by an unclear outlook for the government's supplementary budget and an expected oversupply of new stock issues later this year.

Retreating sectors were led by warehouses, miscellaneous manufacturers, rubber, communications and mining. Recent weakness in the yen lifted carmakers again, with Mazda Y11 higher at Y530, and Honda up Y40 at Y2,670.

Electricals and high-tech leaders were out of favour, with the rise in the US semiconductor industry's book-to-bill ratio failing to spark interest: the recovery in the ratio was seen as due to technical factors, rather than a rise in orders.

Shares of Gajoen Kanko, the hotel operator, continued to be ask-only, at Y112 against Tuesday's Y162, as the TSE's announcement that its shares had been placed under surveillance invited a rush of sales orders.

Gajoen said late on Monday that it had overdue taxes totalling about Y13bn, including taxes in arrears.

In Osaka, the OSE Average rose 17.39 to 21,516.87.

Roundup

Heavy selling of resource stocks took SYDNEY lower, the All Ordinaries index closing 9.6 down at 2,246.3 as turnover climbed to A$788m.

The All Resources index fell 25.6 to 1,321.8 with BHP and CRA leading the fall. BHP was off 40 cents at A$16.12, and CRA shed 65 cents to A$18.30 ahead of today's interim statement. The shakeout in resource stocks followed Tuesday's downbeat comments from BHP about the outlook for copper and steel trading.

MANILA's composite index fell 15.61 to 3,186.19 on continued fears of a US rate rise.

WELLINGTON closed little changed following a mixed session which included a shakeout for NZ Telecom. The top 40 index ended 0.37 down at 2,235.25.

Telecom came off eight cents to NZ$6.95. Concern about market share in Australia continued to depress the brewer Lion Nathan, down five cents at NZ$3.62.

TAIPEI moved higher on news of strong foreign investment. The weighted index gained 39.68 to 6,455.44. Sentiment was lifted at the outset by the foreign investment news, but buying was said to have slowed in late trading.

Building shares had a good day with Der Pao Construction up T$1.20 to T$27.50. Electronics were mixed in spite of the rise in the US semiconductor book-to-bill ratio for August. Taiwan Semiconductor fell T$1 to T$53.50 and Macronix slid 60 cents to T$34.10.

HONG KONG saw China Light & Power and Swire Pacific rise on talk of possible covered warrant issues, up 80 cents at HK$33.70 and 75 cents at HK$68.25. The Hang Seng index rose 12.74 to 11,236.36 in turnover HK$1bn lower at HK$3.74bn.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	TUESDAY SEPTEMBER 10 1996: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	MONDAY SEPTEMBER 9 1996: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 52 week High	52 week Low	Year ago (approx)
Australia (78)	205.39	0.0	195.61	142.67	161.02	170.95	0.2	4.46	205.40	195.20	141.65	159.30	170.54	212.18	179.77	188.06
Austria (24)	177.35	-0.7	168.91	123.19	139.04	138.96	0.4	2.02	178.63	169.76	123.19	138.54	138.47	195.04	168.11	180.56
Belgium (27)	216.43	-0.5	206.13	150.35	169.68	165.73	0.5	4.02	217.55	206.75	150.03	168.73	164.87	218.69	187.17	187.91
Brazil (28)	181.48	0.0	172.84	126.07	142.28	340.90	0.2	1.92	181.44	172.43	125.13	140.72	340.29	189.70	123.97	153.23
Canada (117)	163.10	0.1	155.34	113.30	127.87	161.86	-0.0	2.24	162.86	154.77	112.31	126.30	161.89	165.12	134.14	147.26
Denmark (30)	320.46	0.1	305.21	222.61	251.23	253.31	1.1	1.61	320.18	304.28	220.81	248.32	250.57	321.04	276.89	281.99
Finland (23)	208.43	-0.6	198.51	144.79	163.41	198.83	0.5	2.50	209.74	199.32	144.64	162.66	198.92	276.11	171.73	268.62
France (93)	191.47	0.0	182.36	133.01	150.11	154.51	1.0	3.14	191.47	181.96	132.04	148.49	152.99	198.39	167.70	172.13
Germany (58)	174.20	-0.3	165.91	121.01	136.57	136.57	0.8	1.80	174.79	166.11	120.54	135.56	135.56	177.63	156.68	159.43
Hong Kong (59)	429.47	0.1	409.04	298.34	336.70	428.36	0.1	3.48	429.08	407.77	295.91	332.78	425.96	451.19	354.67	367.27
Indonesia (27)	191.45	0.9	182.34	132.99	150.10	275.77	0.9	1.72	189.66	180.24	130.79	147.09	273.18	-	-	-
Ireland (16)	292.15	0.9	278.24	202.94	229.04	255.43	1.4	3.44	289.46	275.08	199.62	224.49	251.98	292.15	239.81	239.81
Italy (58)	74.69	-0.2	71.14	51.89	58.58	84.79	0.6	2.54	74.86	71.14	51.62	58.06	84.31	84.53	67.22	78.88
Japan (481)	142.81	0.5	136.01	99.21	111.96	99.21	1.2	0.77	142.17	135.11	98.05	110.28	98.05	164.68	137.76	145.84
Malaysia (107)	552.31	0.7	526.03	383.67	433.01	532.49	0.7	1.22	548.70	521.45	378.41	425.56	528.69	585.09	425.77	492.62
Mexico (19)	1266.32	-0.6	1206.06	879.66	992.78	10433.61	-0.9	1.29	1277.22	1213.78	880.81	990.57	10534.09	1325.65	791.99	1210.91
Netherland (19)	298.52	-0.8	284.31	207.37	234.03	230.18	0.3	3.14	300.82	285.88	207.46	233.31	229.56	304.24	249.34	249.34
New Zealand (15)	86.66	0.4	82.55	60.21	67.95	66.26	0.6	4.14	86.32	82.04	59.53	66.95	65.89	88.68	75.94	77.97
Norway (36)	252.75	-0.8	240.72	175.57	198.15	221.91	0.2	2.04	254.65	242.00	175.61	197.50	221.37	256.94	222.24	233.09
Philippines (22)	206.00	1.6	196.24	142.40	160.71	267.66	1.6	0.58	201.76	191.76	139.15	156.49	263.51	-	-	-
Singapore (44)	396.28	0.5	377.42	275.28	310.68	256.76	0.4	1.09	394.45	374.86	272.03	305.92	255.85	465.21	360.49	365.25
South Africa (44)	345.34	-0.6	328.90	239.89	270.74	339.10	-0.7	2.24	347.56	330.32	239.70	269.57	341.45	437.76	314.20	348.09
Spain (37)	173.61	-0.6	166.35	120.60	136.11	167.16	0.3	3.51	174.74	166.06	120.50	135.52	166.63	183.85	145.16	152.09
Sweden (46)	363.50	-1.0	346.20	252.51	284.98	361.58	0.0	2.36	367.28	349.03	253.29	284.85	361.47	367.28	294.19	304.46
Switzerland (37)	244.74	-1.1	233.09	170.01	191.87	187.11	0.3	1.58	247.39	235.10	170.61	191.87	188.56	254.34	201.73	201.73
Thailand (45)	128.90	-0.3	122.77	89.54	101.06	128.90	-0.2	2.69	129.30	122.88	89.17	100.28	127.18	193.95	128.90	160.20
United Kingdom (200)	246.73	0.0	234.99	171.39	193.43	234.99	0.2	4.06	246.79	234.54	170.20	191.40	234.54	247.51	220.57	222.85
USA (624)	270.54	0.0	257.66	187.93	212.10	270.54	0.0	2.18	270.51	257.07	186.55	209.80	270.51	276.47	233.88	233.88
Americas (788)	247.51	0.0	235.74	171.94	194.05	208.15	0.0	2.17	247.49	235.20	170.68	191.94	208.14	252.43	214.49	214.49
Europe (706)	214.57	-0.3	204.36	149.05	168.22	186.45	0.4	3.06	215.29	204.60	148.47	166.97	185.86	216.96	191.44	192.26
Nordic (137)	314.40	-0.8	299.44	218.40	246.48	273.06	0.3	2.26	316.84	301.10	218.50	245.73	272.33	316.84	261.13	295.67
Pacific Basin (878)	156.96	0.4	149.49	109.03	123.06	110.81	1.0	1.24	156.32	148.56	107.80	121.24	109.71	177.01	148.86	156.08
Euro-Pacific (1584)	180.83	0.0	172.23	125.62	141.77	139.33	0.7	2.14	180.76	171.78	124.66	140.19	138.33	190.57	166.51	171.06
North America (741)	263.97	0.0	251.41	183.37	206.95	263.33	0.0	2.18	263.93	250.82	182.01	204.69	263.31	268.52	228.52	228.52
Europe Ex. UK (506)	192.57	-0.5	183.41	133.77	150.97	156.86	0.6	2.50	193.56	183.94	133.48	150.12	157.98	195.76	170.51	171.75
Pacific Ex. Japan (397)	284.55	0.3	271.01	197.67	223.09	244.85	0.3	2.99	283.82	269.72	195.73	220.12	244.04	296.88	243.59	255.47
World Ex. US (1792)	182.44	0.0	173.75	126.73	143.03	144.09	0.7	2.14	182.38	173.33	125.78	141.45	143.15	191.55	167.38	172.34
World Ex. UK (2218)	206.26	0.0	196.46	143.29	161.72	175.14	0.4	1.96	206.23	195.98	142.22	159.94	174.46	213.05	185.61	188.09
World Ex. Japan (1935)	245.87	-0.1	234.17	170.80	192.76	232.33	0.2	2.53	246.10	233.88	169.72	190.87	231.96	247.55	216.73	216.73
The World Index (2416)	209.76	0.0	199.77	145.71	164.45	180.45	0.4	2.16	209.71	199.30	144.63	162.65	179.77	214.95	188.67	191.13

 CONSTITUENT CHANGE WITH EFFECT 10/9/96: Deletion: Southern Pacific Rail Corp (USA). CONSTITUENT CHANGES 10/9/96: Name changes: Marriott Corp to Host Marriott Corp (USA) and Waste Management to WMX Technology (USA). Latest prices were unavailable for this edition.